The myths of a capitalist railway
Richard Tomkins looks back on the great age of steam, when trains were dirty, late, overcrowded, dangerous and privately owned .... Page I

Living ivory
How the elephant killers are being defeated in the market place .... Page X

Stalin's disciples
The Soviet old guard, still fighting for the Revolution .... Page XII

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year

Weekend February 29/March 1 1992

D 8523A

WORLD NEWS

All-party talks on Ulster set to resume

New all-party negotiations on the future of Northern Ireland are likely to begin soon. Ulster's four main constitutional leaders agreed in Belfast that talks can resume once next week's Anglo-Irish meeting in Dublin is out of the way.

The resumption of the discussions is a triumph for John Major, who called the politicians to a summit at Downing Street earlier this month. It also revives Northern Ireland secretary Peter Brooke's initiative to try to find a settlement. When Irish eyes smile, Page 7

Troops withdraw
Troops of the former Soviet Union were ordered to pull out of the disputed enclave of Nagorno-Karabakh after they were fired on during clashes between Azerbaijanis and Armenians. Page 22

Schools in fees crisis
Independent schools are suffering their worst downturn for more than a decade as hard pressed parents have found they are unable to cope with the fees. Page 22

Gangs change identity
Japanese criminal gangs, *yakuza*, are acquiring corporate identities in an effort to evade an anti-gangster law which comes into effect today. Page 22

Court frees mother
Briton Jacqueline Fletcher, jailed for life in 1988 for drowning her six-week-old son, was cleared and freed by the Appeal Court in London because her conviction was "unsafe and unsatisfactory".

M-way death crash
One person was killed and more than 20 injured in a series of pile-ups in thick fog on a 10-mile stretch of the M61 near Bolton, Lancashire.

Inquests on SAS men
Inquests in Oxford on four SAS soldiers who died behind Iraqi lines during the Gulf war heard how two of the men died from hypothermia and the others from gunshot wounds during exchanges with the enemy.

Army wife sentenced
A court martial sentenced Christine Dryland, who killed the mistress of her Army major husband, to 12 months' community supervision and ordered her to live in a London hospital psychiatric unit.

Cambodia peace force
The Security Council authorised a $1.9bn peace-keeping operation for Cambodia, involving 22,000 military police and civilians, the largest operation in UN history. Page 3

Brussels to appeal
The EC Commission is to appeal against a European Court ruling which has called into question 25 years of decision-making by the Brussels bureaucracy. Page 2

Bosnia holds vote
The Yugoslav republic of Bosnia-Hercegovina today holds a crucial referendum on independence against a background of renewed efforts by Serbia and Croatia to divide it. Page 2

Oldest American dies
Ettie Mae Greene, believed to be the oldest American, died at the age of 114 in a West Virginia nursing home. Her daughter attributed her long life to a daily milkshake.

FT No. 31,697

BUSINESS SUMMARY

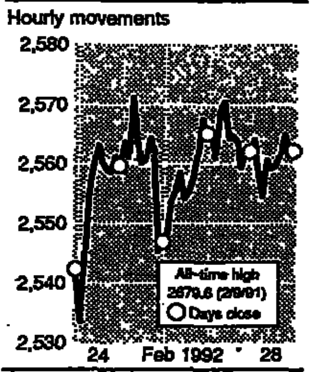
US economic growth better than markets expected

The US economy grew at an annual rate of 0.8 per cent in the final quarter of last year, slightly better than financial markets expected according to revised figures from the US Commerce Department.

The figures should provide a boost for the Bush administration, which is trying to convince the electorate that the recession is over. Page 2

UK STOCKS fluctuated in an even narrower band than earlier in the week before closing with little change over the session. Investors continued to focus on the re-election prospects of the Conservative government. The FT-SE index closed at 2,562.1, a mere 0.1 up. Page 18; Markets, Weekend FT Page II

FT-SE 100 Index
Hourly movements



JAPAN'S current account surplus soared in January to $3.06bn compared to $45m a year ago because of an 8.1 per cent rise in the value of exports, a 5.6 per cent decline in imports, and a 10.4 per cent decline in invisible trade deficit. Page 3

JAPAN AIRLINES, Japan's leading international carrier, expects a pre-tax loss of Y8bn ($62m) in the year to end-March owing to a fall in business travel. It produced pre-tax profits of Y24.8bn in the previous year. Page 10

TOYS 'R' US of the US is Britain's leading toys retailer, having taken 18 per cent of the market in seven years, according to a report. Argos is second with 14 per cent, followed by Woolworth, owned by Kingfisher, with 13 per cent. Page 5

UNION BANK of Switzerland, largest Swiss bank, reported consolidated net income of SFr1.2bn ($857m) for 1991, a 35.6 per cent gain on the depressed result of the previous year. Page 10

KRUPP STAHL, German steel group, is to buy the Eko Stahl steel company in Eisenhüttenstadt, near the Polish border, and modernise it at a cost in excess of DM1bn ($525m). Page 2

PERRIER: European Commission has launched a preliminary investigation into Nestlé's FFr13.42bn ($2.4bn) bid for the French mineral water company. Page 10

GENERAL MOTORS, world's largest vehicle maker, signed a memorandum of understanding with the Polish government and FSO, Polish state-owned car maker, for the assembly of Opel cars in Warsaw. Page 2

FOKKER, Dutch aircraft builder, is to pay its first dividend in five years, reflecting a favourable long-term outlook, the company said. It announced a net profit of Fl 87m ($47m) in 1991, compared with Fl 83m the previous year. Page 10

Commons trade committee chairman attacks credibility of insurance market

Pressure mounts on Lloyd's chief

By David Owen and Richard Lapper

POLITICAL PRESSURE on Mr David Coleridge, chairman of Lloyd's, *intensified yesterday* when an influential Tory backbencher publicly attacked the insurance market's credibility.

Lloyd's "must get its act together on the world stage", said Mr Kenneth Warren, chairman of the all-party Commons trade and industry select committee.

"It must be seen to be taking every action possible to assure the world investment market that it is determined to have feasible credibility and capability," he said.

His remarks come a week after Lloyd's appointed *Sir David Walker, chairman of the* Securities and Investments Board, to investigate alleged malpractice.

Over the past month, MPs from both main parties have supported allegations that market insiders have benefited, to the detriment of outside Names, by making use of privileged information. Names are the individuals whose assets provide the market's capital.

Mr Warren also released details of an exchange of letters between himself and Mr Coleridge which, he said, left him "deeply concerned." The Lloyd's chairman's reply, he said, "does not convey to me the breadth and depth of urgency which the problems of the Names demands.

"Indeed, the problem extends beyond the enormous losses suffered by many outside who do not appear to have enjoyed the same stature as those inside Lloyd's," he added.

In a letter dated 14 February 1992, Mr Warren expressed concern about the relationship between Names, agents who handle their affairs and manage syndicates, and underwriters. "I would like to be assured that a responsibility is placed on those who handle the commitments [of Names]," he said. "I would have expected that commitments would be required to be transparent so that all who have a right to see what is going on can do so."

In his response, dated February 21 1992, Mr Coleridge said *Lloyd's did not hold the data* about transactions entered into on behalf of Names. Useful information about the risks and commitments undertaken on behalf of Names can only be provided by the managing agent of the syndicate. "That agent maintains all of the books and records in which those transactions are recorded," Mr Coleridge said.

This latest row will stir the already heated debate at Lloyd's about the relation between the insurance market and parliament. Mr Robin Warrender, chairman of London *Wall Holdings, one of the largest* agency groups at Lloyd's, believes that "relations are deplorable. Lloyd's just hasn't got the right sort of parliamentary representation," he said.

Lord Kimball, a former Lloyd's Council member, disagrees. "Since 1982 Lloyd's has done an immense amount of bridge-building. It has introduced itself to MPs of all parties. It is disappointing there has not been a better payoff."

Tragedy set to run, Page 4

One of 28 people injured by yesterday morning's rush-hour bomb at London Bridge station is lifted into an ambulance. The 2lb high explosive device went off in a platform lavatory at the main line terminal minutes after a coded warning that bombs had been left at unspecified BR stations. The bombing, described by George Churchill-Coleman of Scotland Yard's anti-terrorist branch as a "criminal and callous act carried out by the Provisional IRA", led to chaos as main line and underground stations were closed for several hours. Four of the injured were seriously hurt.

Man Friday on platform 4 is grim but undefeated

By Andrew Anderson

IT WAS just another Friday morning. Up at 7am, blue pinstripe, red tie, pink FT.

The 7.50 from Surbiton, via Wimbledon, Clapham Junction and Waterloo (six minutes late into Waterloo after an unexplained halt). Fellow commuters checked their watches and tut-tutted. *Just another Friday* morning.

Over the concourse to Waterloo East, I waited for the train from Charing Cross, walked down the platform to avoid the crush of hardened travellers.

I stepped off the train almost opposite gents' toilet on Platform Four at London Bridge, dawdling towards the exit.

There was a deafening bang about 30 ft away. Not a rumble, just a sharp, brittle retort like a supercharged firecracker, and a gust of hot air followed by the sound of glass falling. After the bang, the silence. Shocked faces turned to where a plume of dirty grey smoke rose a few yards down the platform. Three or four human forms lay huddled amid the dust and debris on the platform's edge. And then the screaming started.

"A derailment," I thought *for a split second. Then:* "No, a bomb." I checked the station clock – 8:27:31. Precisely.

A middle-aged chap in a grey overcoat stood next to me, mouth agape. He looked as though he might start crying. "It's a bomb," I told him, confidently, and started walking back up the platform to the victims. An afterthought checked me: there might be a second blast.

There was blood, mainly seeping *from noses* and ears, and from cuts caused by flying glass. A black-coated man in his mid-forties held a handkerchief to his nose. I took his arm, led him to a nearby seat and checked him over. No cuts, nothing broken. "It's probably the concussion from the blast," I improvised. "You'll be OK." He did not reply.

A train pulled in to Platform Four, on the Kent arrivals side. Several passengers waved *it through, but it stopped.* Passengers leapt out, charged, wavered, then broke ranks. Some stopped in shock. Many more walked straight past. If the train had arrived 15 seconds earlier...

Several people were still laying where they had fallen, surrounded now by helpers – mainly women.

Some young girls were still screaming. Otherwise the scene was strangely still, as if *running in slow motion.*

The middle-aged chap in the grey coat caught up with me and grabbed my arm. "Did you see it?" he gasped, his grip

Continued on Page 22

Hurd attacks opposition proposals for Scotland

By James Buxton, Scottish Correspondent

MR HURD, the foreign secretary, yesterday led a Tory offensive against opposition proposals for constitutional change in Scotland, labelling Labour's plan for a devolved parliament as "disingenuous and devious".

He also attacked the Scottish National party's proposal for an independent Scotland within the EC.

His remarks came as serious divisions arose among supporters of a devolved Scottish parliament. In Edinburgh, disagreements emerged over the electoral system for a Scottish parliament at a public meeting of the Scottish Constitutional Convention. The convention, composed mainly of Labour and Liberal Democrat politicians, has been drawing up a blueprint for a Scottish parliament.

The convention proposes that the parliament would have two members for each of the 72 Scottish constituencies elected by the first-past-the-post system.

On top of those 144 MPs, between 36 and 50 members would be elected from party lists, bringing the total number of seats won by each party more closely into line with the votes cast. This would make a total of between 180 and 194 MPs.

The Conservatives trail Labour by half a point in a Gallup opinion poll published in today's Daily Telegraph. Labour is on 37.5 per cent, Tories 37 and Liberal *Democrats 20. Last week's* Gallup survey gave the Tories a two-point lead. Page 22

To ensure gender equality, parties would be under statutory obligation to put up equal numbers of men and women. The additional member system would be used to enforce the same principle.

Mr Murray Elder, secretary of the Labour party in Scotland, confirmed that Labour accepted the abandonment of the first-past-the-post system to elect a minority of members of the Scottish parliament. However, he said, the total number of MPs being proposed was too big to be workable.

Mr Christopher Mason was one of several Liberal Democrats, including a number of women, who disagreed with the proposals for gender equality. He said it was "a democratic nonsense" that a person who received fewer votes might be elected in place of someone with more votes because of being the "wrong" sex.

Mr Hurd, speaking at Renfrew near *Glasgow*, accused Labour of backing a devolved parliament in order to take power in Scotland.

It also intended to improve its chances of governing the UK by "retaining arrangements at Westminster incompatible with devolution", he said.

It was "patently absurd and unfair" to "strip the Westminster parliament of the right to legislate on most Scottish matters, but then let Scots MPs determine those same areas of policy for England, Wales and Northern Ireland".

As for the SNP's policy of independence in Europe, it was a fantasy that "Scotland could slide out of the UK and slide simultaneously into the EC as an equal and independent state". It would probably have to negotiate entry into the EC, he said.

Editorial comment, Page 6

MARKETS

STERLING
New York lunchtime:
$1.7567
London:
$1.757 (1.755)
DM2.8775 (2.885)
FFr9.7825 (9.805)
SFr2.6075 (2.6125)
Y227.0 (same)
£ index 90.7 (90.8)

GOLD
New York Comex Apr
$357.8 (358.7)
London:
$353.2 (353.8)

N SEA OIL (Argus)
Brent 15-day Apr
$17.5 (17.575)

Chief price changes yesterday. Page 22

DOLLAR
New York lunchtime:
DM1.6373
FFr5.5665
SFr1.4845
Y129.17
London:
DM1.6375 (1.644)
FFr5.5675 (5.5875)
SFr1.484 (1.489)
Y129.2 (129.4)
$ index 64.0 (64.1)
Tokyo close:Y129.33

US LUNCHTIME RATES
Fed Funds: $4\frac{1}{16}$%
3-mo Treasury Bills: 4.014%
Long Bond: $102\frac{1}{16}$
yield: 7.813%

STOCK INDICES
FT-SE 100: Yield 4.81
2,562.1 (+0.1)
FT-A All-Share:
1,229.84 (+0.0%)
FT-SE Eurotrack 100:
1,169.95 (+2.69)
New York lunchtime:
DJ Ind. Av.
3,291.95 (+22.14)
S&P Comp
415.92 (+2.06)
Tokyo: Nikkei
21,338.81 (+5.11)

LONDON MONEY
3-month interbank:
$10\frac{3}{8}$% ($10\frac{3}{8}$%)
Liffe long gilt future:
Mar98 (Mar $98\frac{11}{32}$)

CONTENTS

INTERNATIONAL NEWS

Bonn likely to add conditions to joining Emu

By Peter Norman and Quentin Peel

THE German parliament is expected to impose conditions on the country's eventual membership of European economic and monetary union (Emu), when it ratifies the Maastricht treaties later this year.

Both chambers of parliament, the Bundestag and the Bundesrat, plan to demand the right to "take stock" of Emu again in 1996, before moving to a single currency and monetary union under phase three of the transition.

Monetary officials closely involved in the Emu negotiations say it is planned that parliament should attach its own resolutions to ratification, to ensure that a future German government would accept no dilution of the country's commitment to monetary and price stability.

The parliament would demand a report from the government before the start of phase three, in either 1997 or 1999, to ensure those resolutions had been fulfilled.

The officials say there is no question of Germany seeking a back-door way of opting out of economic and monetary union. The aim is rather to ensure that the economic convergence criteria for membership, laid down at Maastricht, are enforced equally strictly throughout the Community.

The move is seen as a way of reassuring a sceptical German public that the move to a single currency and monetary union is not going to endanger their national economy. At the same time it would restrict the government's room for manoeuvre in accepting any dilution of the convergence criteria under political pressure from other EC member states. That would be welcomed both in the German Bundesbank and the Ministry of Finance, but not necessarily in the Chancellor's Office and the Foreign Ministry.

The German parliamentary debate on Maastricht, due to begin about April, is regarded with growing trepidation by high-level government officials. They fear that the ratification process could be linked to a whole range of EC-related grievances, as well as inner-German politics. Most of all they fear the looming battle between the 16 federal states and the central government for future control of the EC policy-making process.

Until now, the parliamentary criticism of Maastricht has focused on the weakness of the treaty on political union as inadequate compensation for German acceptance of Emu. However the public concern, reflected in opinion polls and articulated in popular newspapers is now focused more on the loss of the D-Mark in Emu.

The monetary officials suggest that if other EC members failed to display sufficient determination in combatting inflation and controlling their public spending, the German government would be able to refer to the parliamentary resolutions to persuade them to fall into line. They could also justify a German decision not to go ahead with the project on the grounds that aspiring partner countries were not eligible.

US economic growth better than expected

By Michael Prowse in Washington

THE US economy grew at an annual rate of 0.8 per cent in the final quarter of last year, slightly better than financial markets expected, revised figures from the Commerce Department indicated yesterday.

The figures should provide a boost for the Bush administration, which is trying to convince the electorate that the recession is over. Initial estimates indicated growth of only 0.3 per cent at an annual rate in the fourth quarter.

Real gross domestic product has now grown sluggishly for three quarters following a sharp contraction in the winter of 1990 to 1991.

Many analysts, however, remain gloomy about the current quarter. In a speech this week, Mr David Mullins, the vice-chairman of the Federal Reserve, said he would not be surprised if the economy declined slightly. The Fed and most private sector analysts expect moderate growth to resume by the middle of this year.

The Commerce Department said the upward revision to GDP for the fourth quarter mainly reflected a higher estimate of business inventories and personal consumption, partially offset by lower net exports.

Yesterday's report, however, still pointed to a very weak economy. In real terms, personal consumption, business fixed investment and federal government purchases all declined relative to the third quarter. Overall, gross domestic purchases declined at an annual rate of 0.3 per cent.

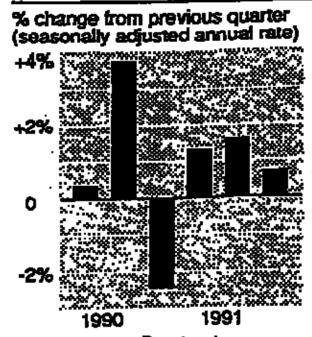
The rise in business inventories at the end of last year, moreover, is seen as an involuntary reaction to weaker than expected demand. It has prompted production cuts in the current quarter.

The Fed remains concerned by exceptionally weak consumer confidence – which fell to a 17-year low this month – and by the failure of long bond yields to decline in response to cuts in short-term interest rates. Bond yields influence mortgage rates and hence the pace of housing recovery.

Yesterday's report, however, showed a further moderation in inflationary pressures. The price index for gross domestic purchases – a broad measure of inflation – rose 2.3 per cent in the fourth quarter compared with 2.5 per cent in the third.

US real GDP

% change from previous quarter (seasonally adjusted annual rate)



Source: Commerce Department

A banker is offered a leaflet while passing a picket in front of the Dresdner Bank in Frankfurt yesterday. Warning strikes were held at banks in various German cities as part of a dispute over union demands for more money and fewer working hours.

Haiti may block deal on president

HAITI'S provisional government, installed after a military coup ousting elected President Jean-Bertrand Aristide, yesterday issued a veiled threat that it might try to block an accord reinstating President Aristide, Reuter reports from Port-au-Prince.

Reacting for the first time to Sunday's accord, the government expressed "strong concern about violations of the constitution in a so-called negotiated solution".

The accord was reached in Washington between the exiled president and a parliamentary delegation.

Poles endorse finance minister

The Polish parliament yesterday withheld approval for the coalition government's economic policy but approved the appointment of Mr Andrzej Olechowski, an experienced trade and central banking expert, as finance minister, writes Anthony Robinson.

After three days' debate a large majority of the 460-seat parliament rejected an attempt by the opposition Democratic Union to throw out the government's economic policy but called for further amendments.

Expulsion law

Italy has tightened its immigration laws, making it easier for the authorities to expel illegal immigrants, Robert Graham reports from Rome.

A decree approved by cabinet this week permits immediate expulsion of illegal immigrants and limits the scope of appeal for immigrants accused of committing crimes.

Mendes retrial

An appeals court in the Amazon state of Acre yesterday ordered a retrial of the man convicted of masterminding the murder of Brazilian rainforest campaigner Chico Mendes, the Estado news agency said, Reuter reports from Rio de Janeiro

Mr Darli Alves da Silva and his son, Darci were both sentenced to 19 years in prison in December 1990 for the crime, which shocked conservationists around the world.

Estado reported that the court turned down Darci's plea for a retrial.

Presidential hopefuls resort to invective

By George Graham in Washington

WHILE US voters hunt desperately fo[illegible] to lead them out o[illegible] slump, the candid[illegible] both Republican and [illegible]cratic presidential nominations have set about proving that it is easier to attack what your opponent stands for than to say what you stand for yourself.

Mr Patrick Buchanan, the former Nixon speechwriter who has honed his invective through years of practice as a pugnacious television commentator, has lifted his attack on President George Bush an octave higher in an effort to inflict further damage on the president in a series of southern states.

Mr Buchanan countered a Bush campaign television advertisement challenging his opposition to the Gulf War with an onslaught on President Bush for allowing the federal government to finance "pornographic and blasphemous art" through the National Endowment for the Arts – long a target for the Republican right.

His challenge could seriously damage President Bush in the south, with polls suggesting that he could win 37 per cent of the Republican vote in Georgia on March 3, matching his score in New Hampshire last week.

Among the Democrats, meanwhile, the campaign has become even more vindictive as the current frontrunner, Governor Bill Clinton of Arkansas, provides a target for his three main challengers.

All the candidates are desperate for a win in one of the seven states, including Georgia, Maryland, Colorado and Minnesota, that are to cast their votes on Tuesday. They hope for a springboard to propel them into four more ballots next Saturday and the 11-state "Super Tuesday" on March 10.

Senator Paul Tsongas of Massachusetts and Senator Tom Harkin of Iowa both challenged Mr Clinton's "electability" because of the allegations of adultery and draft-dodging that have dogged his campaign.

But it was Senator Bob Kerrey of Nebraska, who lost part of his leg in Vietnam, who led the charge with an assault on Mr Clinton's escape from the Vietnam war draft.

Two weeks ago, Mr Kerrey said Mr Clinton's draft record should not be a campaign issue. His campaign advisers have now decided, however, that if they can damage Mr Clinton enough in Georgia and the South – where he has been expected to win overwhelmingly – Mr Kerrey will be left as the only credible nominee.

In this year's campaign the candidates started to build their campaigns so late that all are short of funds and organisation. Desperate for an early victory to enable them to raise more money and stay in the race, they now appear ready to stoop lower than they might initially have hoped.

West German engineering orders fall

By Christopher Parkes in Bonn

ORDER intake at west German engineering companies took a sharp turn for the worse in January, the VDMA manufacturers' association said yesterday.

A 16 per cent slump in export orders and a 2 per cent drop in domestic demand combined to produce an overall real decline of 9 per cent compared with the first month of 1991.

The figures suggest a significant worsening of business conditions, particularly in export markets.

In the three months from November to January, export demand was down 9 per cent and total orders were just 3 per cent lower than in the comparable period 12 months earlier.

They also tend to confirm forecasts that growth in domestic output is stagnating and indicate that expectations of economic recovery in the engineering and plant industries' main markets in the US, Britain and France have yet to spur increased capital investment.

Meanwhile, the IG Metall union warned engineering employers of more trouble to come in pay negotiations due to start next week.

Mr Klaus Zwickel, the union's deputy chairman, announced widespread "protest action" in support of a 9.5 per cent pay claim for 4m workers.

The aim, he said, was to "throw sand into the works" and to prove to the employers that the union membership would not accept cuts in real wages. It was prepared for and could afford a long struggle, including strikes, Mr Zwickel added.

Gesamtmetall, the mechanical and electrical industries' employers' group, has warned that "unreasonable" wage settlements this year will lead to losses of jobs. Its workforce fell 20,000 last year and numbers on short-time increased four-fold to 131,000 as orders shrank.

Treuhand agrees to Krupp plan for east

By Christopher Parkes in Bonn

KRUPP Stahl, one of Germany's leading steel groups, is to buy the Eko Stahl company in Eisenhüttenstadt, near the Polish border.

The Treuhand, the state privatisation authority responsible for selling east German assets, agreed late on Thursday to a complex restructuring plan put forward by Krupp.

It includes building an electric scrap smelter, a hot rolling mill, and spending DM350m (£121m) on modernising the existing cold rolling mill. Total planned investment, including the DM75m purchase price of the concern, will exceed DM1bn.

However, Krupp also wants government subsidies, which will need approval from Brussels, for a substantial part of the renovation.

Combining its existing capacity with that of Eko, and Hoesch, which is also being taken over, Krupp will become the fifth-biggest steel maker in Europe, with raw steel capacity of around 10m tonnes.

The company, part of the Fried. Krupp group, has agreed to take on Eko's 5,750 workforce, of which around 2,000 are currently employed in government-funded work creation schemes.

It expects to find permanent jobs for around 2,800 at Eko, and work for another 1,000 in associated industries in steel tubes, transport and construction steel processing, which are expected to set up nearby. Before German unification Eko was East Germany's biggest steel works, employing 11,300.

Mr Jürgen Harnisch, chairman of Krupp Stahl, announcing the deal, said 1991 profits at the company, the only quoted part of the Fried. Krupp group, would be markedly below the previous year's DM277m after-tax earnings.

Even so, it still expected to pay a dividend. Last year's DM5 pay-out was the first for 16 years. The company had reacted quickly to deterioration in the steel market and cost-cutting had saved it more than DM130m over the year.

Commission to appeal against court ruling on decision-making

By Andrew Hill in Brussels

THE European Commission is to appeal against Thursday's unprecedented court ruling which cast doubt on the validity of the EC executive's internal decision-making process and quashed fines imposed on 14 chemicals companies for operating a cartel.

Several large EC groups are examining the judgment by the EC's Court of First Instance (CFI) to find out whether they, too, have grounds for challenging fines imposed on them.

The Commission will appeal to the European Court of Justice, the EC's supreme judicial body. "[The Commission] does not share the lower court's interpretation of its internal rules," said a spokesman.

There is still debate among EC lawyers about the scope of the judgment. At worst, Commission legal experts fear the ruling could undermine past decisions in all areas of its activity, not just competition, and allow aggrieved companies to challenge fines going back years. Normally, complainants have only two months to appeal against a Commission decision.

The Dutch builders' federation, the SPO, had already intended to lodge an appeal against a fine imposed by the Commission earlier this month for operating an illegal cartel. Mr Louis van Lennep, the federation's lawyer in Brussels, said yesterday the SPO was more interested in attacking the substance of the Commission's decision. But he added: "We will look at [the ruling] of course, and if there is mileage in it we will use it."

Aer Lingus, the Irish airline fined Ecu750,000 (£525,000) this week for operating a restrictive ticketing system on the London-Dublin route, said the judgment sounded "extremely interesting". The airline has not yet decided whether to appeal against Wednesday's Commission decision.

The Commission is particularly concerned about the CFI's suggestion that the official versions of all its decisions, which can appear in up to nine languages, should be signed by Mr Jacques Delors, the president, and Mr David Williamson, the secretary general.

To ease the bureaucratic load, the president and secretary general usually sign only the minutes of the Commission meeting in which the decision took place.

Brussels drafts drug proposals

THE European Commission has proposed that EC countries relax controls on drug prices and introduce more competition to the drugs markets, Reuter reports from Brussels.

The draft guidelines propose that national governments abandon direct price controls; require insured patients to pay a significant share of drug costs; and encourage pharmacists to use the cheapest products.

A Commission official said the text was likely to change after consultations. The Commission was not yet ready to propose something more radical, such as an EC-wide pricing system, because that would involve overhauling national social security systems.

Most EC countries try to limit health care spending by fixing drug prices, either directly or indirectly. But the Commission says the controls have not reduced costs. "On the contrary, they have contributed to making the pharmaceutical market more rigid, by neutralising competition," it says in a document explaining its draft proposals.

The Commission also proposes harmonising package sizes to make it easier for companies to sell their products internationally.

Bosnia holds crucial independence vote

By Laura Silber in Sarajevo

THE central Yugoslav republic of Bosnia-Hercegovina will today hold a crucial referendum on independence against a background of renewed efforts by Serbia and Croatia to carve up this ethnically mixed republic.

The outcome of the referendum is likely to determine if Bosnia will slide into instability just weeks before the expected deployment of UN troops in neighbouring Croatia.

Efforts to partition the republic were held during a round of secret talks in Graz, southern Austria last Wednesday between Mr Radovan Karadzic, head of Bosnia's Serbs, and an envoy of President Franjo Tudjman of Croatia.

If Croatia and Serbia succeed in their goal, the Moslems of Bosnia, who make up 43 per cent of the 4.3m population, would either be without a home, or else would fight to prevent the break up of Bosnia.

Serbs make up 31 per cent of the population, followed by Croats, who make up 17 per cent.

Western diplomats in Sarajevo, the Bosnian capital, yesterday said they feared the outbreak of bloodshed among the republic's closely intertwined national communities.

"It means war if the Croats and Serbs actually try to divide the republic," said a diplomat.

But Mr Alija Izetbegovic, the Moslem president of Bosnia-Hercegovina, said "there is no way secret plots can succeed. Democracy will win".

Bosnia's Serb leaders have called for a boycott of the referendum on the grounds that Serbs have already chosen to remain within a Yugoslav state, and with Serbs from outside of Bosnia.

Mr Karadzic, who takes his instructions from Mr Slobodan Milosevic, the president of Serbia, said: "Serbs comprise the majority in 30 of the 109 counties [in Bosnia]...We have already held our referendum." The referendum must gain 50 per cent approval in order to satisfy the European Community requirements for recognition.

Fears that the republic could slide into ethnic violence were heightened by reports of an explosion last Thursday which damaged a 450-year-old mosque in Banja Luka, north west of Bosnia, where many Serbs live, and where Serbs have declared a republic within a republic.

Explosions have have also taken place in Mostar, a predominantly Croat and Moslem city, where much of the federal air force industry is based.

The presence of the army is an additional complicating factor in Bosnia's quest for independence.

GM signs joint venture deal with Poland

Kevin Done reports on plans to boost eastern car output

GENERAL MOTORS, the world's largest vehicle maker, yesterday signed a memorandum of understanding with the Polish government and FSO, the Polish state-owned car maker, for assembly of Opel cars in Warsaw.

Separately, Volkswagen and Toyota are negotiating with the Polish authorities to set up a joint venture with FSR (Fabryka Samochodow Rolniczych) for possible assembly of pick-up trucks in Poznan.

The GM agreement – an important step in modernisation of the Polish auto industry – is the latest move in the company's ambitious expansion in eastern Europe. This already includes the building of a DM1bn (£346m) assembly plant at Eisenach in eastern Germany and a DM350m engine plant and small volume car assembly plant in Hungary.

Under the accord, a joint venture will be set up with FSO in which the US car maker will hold a large majority stake.

The new company would initially invest up to $75m in plant and equipment at the antiquated FSO plant in Warsaw for production of the Opel/Vauxhall Astra, GM's best-selling car in western Europe.

Mr Robert Eaton, president of GM Europe, said a final agreement should be completed in 1-2 months.

GM is planning capacity to produce a total of 35,000 Astras a year on three shifts, with initial output starting within 18 months of a final deal being signed. GM and FSO are also negotiating a more ambitious second stage, which could lead to development of a new integrated plant with capacity to produce 100,000-150,000 cars a year.

GM and FSO will form a joint study team to develop a replacement model for FSO's existing, out-dated Polonez model, a hatchback derived from the Fiat 125.

In a more immediate step GM said it intended a technical assistance agreement with FSO aimed at upgrading the current product and manufacturing performance for the Polonez. FSO plans to produce 78,000 Polonez cars this year.

GM will also seek to develop FSO components suppliers in co-operation with its own wholly owned components subsidiaries and its leading outside suppliers in western Europe.

Volkswagen's negotiations in Poland are for a joint venture with FSR, the small light commercial vehicle maker, to assemble the Toyota Hi-Lux pick-up, which is currently assembled in small volumes under licence at VW's Hanover commercial vehicles plant.

Last year VW assembled 12,017 of the pick-ups in Hanover of which 5,989 were sold under the VW Taro badge and the rest under the Toyota badge.

It is understood VW and Toyota are considering a capacity of 20,000-30,000 for the pick-up venture in Poland.

The GM and VW projects are essential if they are to qualify for the controversial 10,000-a-year quotas of duty-free car imports proposed by Poland under its planned free trade pact with the European Community. Poland is planning a 30,000-a-year quota of duty-free car imports to be split equally between GM, VW and Fiat. The quotas are conditional on investment contracts with Polish partners.

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Morocco orders EC fishing fleet out

By David Gardner in Brussels

THE European Community ordered its 800-vessel fishing fleet in Moroccan waters back to port from midnight last night, as a senior Brussels official flew to Rabat in a last minute attempt to patch over the Community's diplomatic breach with its North African neighbour.

The row was caused by the European Parliament voting down Ecu463m ($574m) in credit and aid under the EC's co-operation agreement with Morocco, because of its human rights record. Rabat responded by freezing the agreement, and jeopardising a four-year fishing accord, which is vital to Spain's large fleet and due to run out today.

Mr Manuel Marin, EC commissioner for development and fisheries, went to Rabat yesterday evening, after signals that Morocco may want to settle the dispute.

King Hassan may now extend the fisheries agreement, European Commission officials believe, following EC foreign ministers' decision last week to explore a wider ranging free trade agreement with Morocco. The ministers are to discuss this possibility in Brussels on Monday.

But officials said yesterday the discussion would widen to examine similar agreements with Morocco's neighbours, Algeria and Tunisia. What had seemed a tactical ploy to mend diplomatic fences with Rabat could eventually widen into a strategic aim to bind the Maghreb as a whole closer to the EC.

As the EC develops a full-fledged foreign and security policy, it is according priority to its eastern and southern frontiers.

● Morocco's creditor governments have agreed to allow the country to delay payment on a large portion of its $22bn foreign debt, Reuter reports from Paris.

The agreement was reached at a meeting of the Paris Club creditor countries. Moroccan Finance Minister Mohammed Berrada said the agreement allowed his country to reschedule $1.2bn.

Clearer issues at Mideast talks

Roger Matthews reports on how US-Israel relations dominate the peace process

THE FOURTH round of bilateral Middle East peace talks broke for the weekend yesterday following another week of recrimination and accusations in Washington, with progress on substance remaining elusive but the immediate issues and negotiating tactics becoming clearer.

From the moment President George Bush and Mr James Baker, the secretary of state, decided to launch a new peace initiative in the wake of the Gulf war it was almost certain that its fate would be decided by the evolution of relations between Israel and the US, its foremost financial, military and diplomatic supporter.

Events in Washington this week have underscored how critical the relations between the two governments have become and how the Israeli public will be given a decisive role in the peace process at the June 23 general election.

Officials in Washington make little effort to disguise their belief that Mr Bush and Mr Baker have, in effect, given up on Mr Yitzhak Shamir, Israel's prime minister. Last Monday offered additional evidence. In the morning Mr Baker announced that the US would not provide loan guarantees of $10bn (£5.7bn) to help settle immigrants from the Soviet Union unless Israel first stopped building new settlements on the Arab territory it has occupied since 1967.

Later that day Israel submitted to the Palestinians a plan for an interim self-governing arrangement in those territories. Without a strongly restraining American arm, the proposals could have provoked an Arab walkout. Not only did the plan insist that the Palestinians must accept the right of unlimited numbers of Jews to live and continue to settle in the West Bank and Gaza, but was also far more restrictive than Israeli proposals tabled more than 10 years ago.

It could be interpreted as a hardline negotiating stance, but Mr Zalman Shoval, Israel's ambassador to Washington, saw fit to describe the scheme as generous.

The bitter response by Mr Shamir and some of his ministers to the US announcement on loan guarantees has done nothing to help the Israeli case in Washington. The famed power of the Jewish lobby has been little in evidence, the media has been generally supportive of the administration's action and there is growing fear among friends of Israel that Mr Shamir is in danger of inflicting lasting damage on a relationship that has done more than any other to sustain Israel over the past 40 years.

With even the majority of Israelis opposed to new settlements in the occupied territories, the US administration has no problem in convincing its own public of the correctness of a policy it has followed for 25 years. Mr Baker repeats the total US commitment to Israel's security, but argues that it will not be enhanced by providing loan guarantees of $10bn in addition to the $3bn-$4bn that Israel already receives annually from the US.

It is an argument well received by an American public that is increasingly critical of US foreign aid levels, especially now the threat of communism has all but been eliminated. And it is an issue on which, not unexpectedly, the Arab delegations like to dwell.

While the Palestinians, Syrians, Jordanians and Lebanese have little tangible to demonstrate from their presence in Washington, they are none the less broadly playing the game scripted for them by the US. That is: to remain patient and calm, and to appear reasonable in their demands.

The key issue for them is how long they can keep justifying this attitude back home where, particularly in the occupied territories, new facts are being created by Israel every day. But while they remain on board they have an almost daily opportunity to put to the American public their own case, which is beginning to sound rather close to the US administration's. For that reason alone Israel is again demanding that the next round of talks should be moved out of the US.

But the main unadmitted carrot dangling in front of most people involved in the negotiations is the possibility that Mr Yitzhak Rabin's Labour Party might beat the Likud of Mr Shamir in the Israeli elections. Mr Rabin has promised to stop building settlements in the occupied territories and favours exchanging some part of that land in return for full peace.

Voting for him can be presented as not only assisting the peace process but opening the door to the loans needed to settle new immigrants in Israel proper.

It could also transform the atmosphere at the peace talks. But it would not all be to the Arab advantage. The delegations are working well together precisely because there is nothing on the table. The moment Israel makes more interesting proposals will be when latent tensions begin to surface within and between the Arab partners.

Shamir: bitter response

Baker: 'given up' on Shamir

Japan's current account surplus soars in January

By Steven Butler in Tokyo

JAPAN'S CURRENT account surplus soared in January to $3.06bn (£1.74bn) compared to $45m a year ago.

The huge increase in the broadest measure of Japan's external balances resulted from an 8.1 per cent rise in the value of exports, a 5.6 per cent decline in imports, and a 10.4 per cent decline in Japan's invisible trade deficit, which includes non-trade items such as insurance and tourism.

Finance Ministry officials, however, said that the rise in the value of exports was mostly accounted for by the increase in the value of the yen over the past year. This also depressed the value of imports, as did a drop in the price of oil compared to a year ago. Average oil import prices were $19.02 a barrel, compared to $28.60 a year ago.

Many economists believe the huge year-on-year increases in Japan's external surpluses which have been recorded for most of the past year, will begin to level out in the months ahead. The continued high level of trade and current account surpluses, however, are likely to prove a continuing source of friction with Japan's trade partners.

Japan's exports rose to $23.3bn during the month, while imports fell to $17.4bn, leading to a 90 per cent increase in the trade surplus to $5.89bn.

Japan also posted a surplus in the long-term capital account of $3.5bn, compared to a deficit of $2.88bn a year ago. The surplus reflected a continuing flow of foreign money into Japan, where foreigners were net purchasers of $6.9bn in stocks and bonds. Japanese were net sellers of Y2.39bn of foreign stocks, although they bought Y7.4bn in foreign bonds.

● Overtime work in Japanese manufacturing companies in January registered the biggest year-on-year decline in 16 years, the Labour Ministry said yesterday, in a reflection of the sharp slowdown of the Japanese economy.

Average overtime work in manufacturing companies with more than 30 employees fell by 17.8 per cent during the month to 14.4 hours. Housing starts fell by 16.4 per cent, the 15th monthly decline running.

UN considers tougher line against Iraq

By Michael Littlejohns, UN Correspondent, in New York

THE UN Security Council was set to hold closed consultations last night after yet another confrontation with Iraq, which has baulked at demands to destroy manufacturing equipment used in its Scud missile programme.

If the Iraqis fail to meet a UN deadline – due to expire last night – to destroy the equipment, Mr Rolf Ekeus, chairman of the UN commission charged with dismantling their weapons of mass destruction, was expected to withdraw the UN team overseeing the Scud investigation.

That could lead to demands for stronger measures by the Security Council, which has already warned Baghdad of unspecified "serious consequences" for its intransigence.

Iraq claims that the material targeted by the UN had a dual purpose and could be used for civilian needs. The duality claim has posed problems throughout the weapons' destruction programme.

However, UN officials said that destruction of the targeted equipment had the "highest priority" for the UN inspectors. "It is key equipment for producing key elements in the Scud programme," said a spokesman.

UN plans for W Sahara 'in jeopardy'

By Francis Ghilès

UNITED NATIONS plans to bring peace to the former Spanish colony of the Western Sahara are "in serious jeopardy", according to a report to the US Senate Foreign Affairs Committee.

The report, prepared by Mr George Pickart, staff member of the committee, claims the UN Mission for Referendum in Western Sahara (Minurso), which is supposed to oversee a referendum on the future of the territory in the autumn, is suffering from the "lack of political support from the UN hierarchy in New York".

This, it says, is demonstrated by "the UN's repeated refusal to provide even limited logistical support to the military observers in the field" and its refusal to respond politically to reports of ceasefire violations. This has "undermined Minurso's credibility" with both protagonists – Morocco and the Polisario Front.

This problem "has been compounded by the government of Morocco's unwillingness to co-operate with Minurso's operations".

Polisario, which at first chose to co-operate fully with Minurso has, in the past two months, been increasingly unwilling to co-operate.

Allegations of irregularities in the mangement of Minurso's budget procedures are further compounding an already difficult situation.

Mission to Cambodia begins

By Michael Littlejohns

THE UN Security Council yesterday launched a peacekeeping and election monitoring operation for Cambodia, the biggest ever undertaken by the world body.

Initial estimates put the cost for a 15-month period at $1.9bn for 15,900 troops and thousands of civilian officials charged with supervising elections.

However, it may prove possible to reduce costs after Mr Boutros Boutros Ghali, the UN secretary general, reviews the situation during a visit to Cambodia in April. After the Council's unanimous vote, he told members that current plans were not definitive and there would have to be "a measure of flexibility in the conduct of this operation".

He has asked for $200m in start-up money without delay in the hope that the first contingents may be sent soon.

NEWS IN BRIEF

Singapore reduces growth target

Singapore yesterday scaled down its forecast for economic growth and announced a package of tax incentives to stimulate business, particularly in financial services, Joyce Quek reports.

Mr Richard Hu, finance minister, said in his annual budget that economic growth should be between 4 and 6 per cent in 1992 rather than the previous estimate of 5 to 7 per cent, because of less buoyant external demand. In 1991, growth slowed to 6.7 per cent from 8.3 per cent in 1990.

Thailand sets up exchange watchdog

Thai MPs yesterday approved the establishment of a Securities and Exchange Commission to supervise the country's rapidly expanding financial markets and encourage the development of a corporate debt market, Victor Mallet reports.

Algerian recovery plan

The Algerian government unveiled a $4bn (£2.2bn) recovery plan yesterday accompanied by a blunt acknowledgement of sagging personal income, demoralised workers and overdependence on food imports, AP reports from Algiers.

UK NEWS

Tories distance post-election plan from Thatcherism

By Ivo Dawnay, Political Correspondent

A BLUEPRINT for a new Tory government was discreetly unveiled in Conservative Central Office yesterday with the publication of a pamphlet certain to be seen as close to heresy by the party's hard right.

The 19-page document, One Nation 2000, is said in a foreword by Mr David Howell, the former energy secretary, to offer the Tories "a guiding theme" for years leading to the millennium.

Yet its message carries both implicit and explicit criticisms of social developments over the past decade, arguing strongly for government action to shape a better integrated and less divisive model for society.

Taking care to praise the achievements of the Thatcher years, it goes on to warn that "something more is needed on which to build the policies of the 1990s".

The precise wording of the paper has been approved by Mr John Major's aides, while its sentiments have been enthusiastically endorsed by Mr Chris Patten, party chairman.

Authorisation of the pamphlet's release so close to a general election will come as a further signal to the Thatcherite right that the party leadership supports a fundamental shift back towards more consensus politics.

The One Nation group, founded in 1950 to lobby for the Disraelian vision of a truly national and classless Conservatism, comprises 33 backbenchers and 24 ministers who are not active members. Those include seven cabinet members such as Mr Douglas Hurd, foreign secretary, and Mr Kenneth Clarke, education secretary.

The pamphlet presents a conception of government's function redolent of the Toryism of Mr Edward Heath or Harold Macmillan.

In particular, the paper notes that a weakening social structure has put "fearsome challenges to the cohesion of society" on the political agenda. The paper warns that disillusioned youth culture and the disintegration of family stability creates the danger that society might turn repressive.

"The guiding principle for the next decade must be to create a sense of national unity which is vigorous enough to resist the drift to anarchy on the one hand, and the predations of selfish libertarianism on the other," it says.

On specific issues, it implicitly warns against too big a tax cut in the budget by arguing that the scope for big extra current spending is "very limited".

It suggests action to reform divorce law in favour of the parent left with children, a temporary employment scheme for young people in government service, more socially responsible corporate governance and tax breaks for the self-employed.

Lloyd's tragedy looks set to run and run

David Owen outlines the plot at the troubled insurance market

ACT ONE of the drama now playing at the Lloyd's of London insurance market contained three extraordinary scenes.

Staged in dingy corners of Westminster, they transformed a private vendetta by hard-hit Names – the individuals whose assets support the market's underwriting – into a public row.

They forced the insurance market's authorities on to the defensive – it could even be argued that last week's appointment of Sir David Walker, chairman of the Securities and Investments Board, to direct investigations into alleged malpractice flowed directly from them.

The Ambush

Mr David Coleridge, the Lloyd's chairman, might have been forgiven for anticipating a gentle ride on February 11 at a 5pm appointment with Tory backbenchers at Westminster.

True, the £116m settlement in the Outhwaite case – the biggest of a number of Lloyd's-related legal actions – would figure prominently in the next morning's headlines. But the second Guinness trial had just collapsed and Mr Peter Clowes had been jailed for 10 years so City-minded MPs might be expected to be preoccupied with other concerns.

In any case, Lloyd's has traditionally enjoyed a cosy relationship with the Conservative party – nearly 60 Tory MPs, including ministers such as Mr Ian Lang, Mr Archie Hamilton and Mr John Wakeham, are Lloyd's members.

Before the recent run of bad years MPs, like other well-to-do individuals, were attracted by the opportunity to make their capital work twice: investing it in orthodox fashion while at the same time committing it to Lloyd's to support underwriting. Of course, Names were solemnly warned that their liability was unlimited. But in the good years the prospect of penury must have seemed remote. The implication was that "the moon will turn to blue cheese before you get a cash call", according to Mr Winston Churchill, a Conservative MP who became a Name in the 1970s.

As 40 or so MPs assembled for the February 11 meeting in a Commons committee room, they were surprised to be handed a sheaf of 14 detailed and aggressive questions on the workings of Lloyd's, backed by a welter of supporting evidence.

They included queries as to why "disastrously bad syndicates" were composed "almost entirely of external or retired members" and why Lloyd's allowed "excessive recruitment" of small investors with "assets of only a bank guarantee of £100,000 on their house".

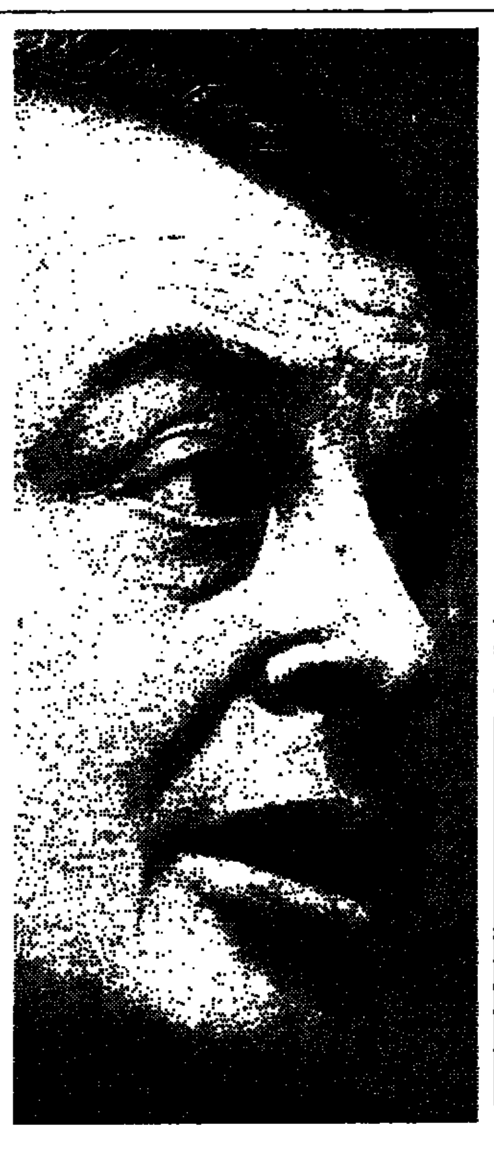
The dossier – the work of a prominent figure in one of the action groups representing Names who face cash calls following losses on a number of syndicates – had a sting in the tail. Question 14 read: "Is there not a structural rottenness over the conflicts of interest of the Regulators within Lloyd's, which can only be met by outside regulation under the Financial Services Act?"

According to one MP present who is a Lloyd's Name, those sitting within earshot of him were "absolutely stunned by the questions and the detail backing them up". Mr Coleridge "practically had apoplexy" when he was looking through them.

The near universal reaction among MPs was that the chairman's attempts to deal with the points raised was inept and unsatisfactory.

"We have seen Mr Coleridge on two occasions and found him to be very unconvincing," said Mr Spencer Batiste, the Tory MP for Elmet and Name. His "lack of certainty or positiveness in addressing those questions" left "a considerable feeling of unease", according to another MP and Name.

One upshot of the meeting appears to have been to encourage a small number of MPs to throw caution to the wind and seek a wider airing for their grievances.



14 February 1992

To: David Coleridge

Tory MP Kenneth Warren (right) yesterday said he was not satisfied with the response of Lloyd's chairman David Coleridge (left) to questions about the insurance market. He released details of the letters they have exchanged

21 February 1992

LLOYD'S

The Drop

The following afternoon, Mr Dale Campbell-Savours, the Labour MP for Workington who is known as a tenacious advocate of City reform, received a telephone call from a Tory MP he refuses to name, inviting him to a pre-arranged parliamentary visit to Lloyd's on February 17.

Mr Campbell-Savours was due in hospital and suggested that the Tory MP approach Mr Brian Sedgemore, Labour MP for Hackney South and Shoreditch. He asked for briefing notes, which arrived in the form of the questions put to Mr Coleridge the previous evening. Contact with Mr Sedgemore was made while the barrister was beavering away in the splendour of the Commons library. A pair of Tories approached, picking their way between the leather armchairs, and regaled their political opponent with details of their disillusionment with Lloyd's.

About an hour later, a copy of the questions which had so discomfited, the Lloyd's chairman appeared in Mr Sedgemore's Commons pigeon-hole.

The matter nearly died there and then – the former television presenter, who lists "sleeping on the grass" as his Who's Who recreation, glanced at the papers and consigned them to the wastepaper basket. But a chance encounter led him to have second thoughts and he retrieved them.

If he had not done so, the allegations of malpractice may not have entered the public domain the following day and Sir David Walker may not have been asked to direct the investigations. Once its potential was realised, the questions were plundered as the basis for a series of early day motions on the Commons order paper for February 13. At this point, the charges were publicly available and had the protection of parliamentary privilege.

Some Tories are prepared to condone publicly this method of bringing the allegations into the open. "I think what the Labour MPs did was good," says Mr Paul Marland, the MP for Gloucestershire West, who is one of 3,000 members of Gooda Walker syndicates to have received cash calls.

'Tories declare' war on Lloyd's' screamed the headline of the newspaper on corporate affairs minister Mr John Redwood's desk as an Exmoor sheep farmer walked into his Victoria Street office with a handful of other Lloyd's Names.

The Lesson

It was 11am on February 13, the second visit in 15 days for the dapper farmer – whose Lloyd's losses had put him in fear of having to sell land which had been in his family for "very roughly 800 years".

On his first visit, the farmer – referred to as "deep throat" by Mr Marland – had presented the minister with a detailed and cogent exposition of the ways he believed the Lloyd's market was vulnerable to malpractice.

With the aid of charts and lists accumulated over months of research, he set out to initiate Mr Redwood in the mysteries of "churning" and the "LMX spiral." He says the alleged malpractice at Lloyd's would be "quickly exposed if it took place at my local sheep market because it would be too simple". He says Mr Redwood told him on February 13 that his first visit had been the first time he had been told of alleged misdeeds in the market.

One cannot be sure how important a factor in subsequent developments this teach-in will be. The Department of Trade and Industry denies putting pressure on Lloyd's, which does not fall within its jurisdiction.

Heseltine publishes 'green' guidelines

A GUIDE to environmental rights and responsibilities aimed at local authorities, environmental pressure groups and the top 1,000 companies was launched yesterday by Mr Michael Heseltine, the environment secretary, Alison Smith writes.

The 32-page booklet, issued under the Citizen's Charter, covers subjects such as litter, recycling, noise, planning and energy efficiency. It sets out the rights of the individual, the organisations responsible for different aspects of the environment and suggests what action can be taken.

The government intends to build on the guide and work towards an environmental charter or series of charters later this year.

Mr Heseltine planted a weeping birch tree in Westonbirt, Gloucestershire, to mark the guide's publication. He hoped it would start a debate on how environmental rights and services could be extended and improved, and linked it with the preparatory work on the Earth Summit in Brazil in June.

He said: "We are looking for a short, incisive and accessible charter that is consistent with the language of existing conventions, charters and declarations."

Union may win £400,000 costs

THE TGWU general workers' union, which had a deficit of nearly £12m last year, is likely to recoup about £400,000 of its costs from the long-running industrial tribunal which found that 19 Tilbury dockers had been unfairly dismissed.

The Port of London Authority sacked the dockers and contested their claim for unfair dismissal. Unusually for such a case, the tribunal has ordered the authority to pay 40 per cent of the union's costs. The authority already faces a separate bill of about £750,000 for compensation to the sacked dockers unless it wins its appeal against the decision.

The TGWU's legal costs have soared in recent years from a total of £1.75m in 1987 to £4.94m in 1991.

British Gas faces safety prosecution

BRITISH GAS is to be prosecuted following an explosion two years ago in which two workers were seriously injured. The explosion of liquefied natural gas was at Urmston, Greater Manchester.

The prosecution by the Health and Safety Executive will be heard at Liverpool Crown Court on Tuesday.

The case, involving one charge, is expected to last six weeks.

Taxation shake-up urged

By Andrew Jack

A SIMPLIFICATION of capital gains tax, a reform of advance corporation tax and the streamlining of the tax system's administration was urged by the Institute of Taxation yesterday.

The shift to "self-assessment" of tax, which places far greater responsibility on companies and individuals, will demand considerable change over the next five years, the tax practitioners' think-tank argued in a wide-ranging submission to the government.

Capital gains tax should be abolished, or taxpayers at least allowed to defer payments on gains reinvested in assets or other qualifying deposits, it said. Taxpayers should have to deal with only one tax office and complete a single statement of taxable income and tax to be paid.

Companies should be able to offset against tax any expenditure incurred in generating profits, including the costs of raising equity and other financing costs, it said, while more generous relief should be allowed for losses incurred.

Advance corporation tax – payments that cannot be offset against mainstream corporation tax liabilities – is in need of reform, it argued. There should be some form of exemption for the distribution of fully taxed overseas profits.

There should also be greater consistency in the treatment of relief on employees' expenses, the institute argued.

Representation on the form and administration of the tax system. Institute of Taxation, 12 Upper Belgrave St. London SW1X 8BB. Free.

Smaller businesses send mixed signal

By Charles Batchelor

A MIXED picture of prospects for small and medium-sized businesses is shown by three surveys published yesterday.

Business confidence is higher among businesses with a turnover of less than £30m than among the country's top 600 corporations, according to parallel surveys carried out by accountancy firm Kidsons Impey and the Association of Chartered Treasurers.

This positive view is not mirrored in the latest NatWest quarterly survey of small businesses, which found continued small-business pessimism about the outlook for sales and employment levels in the first quarter of this year. More businesses expected sales to fall than to rise, by a margin of 10 percentage points, while more companies expected job levels to fall, by a record margin of 17 points.

There were some signs that the recession may have bottomed out, the NatWest survey of nearly 1,700 businesses reported. More businesses reported lower sales and lower employment levels in the fourth quarter of last year than reported increases, but the negative balance was smaller than in the preceding quarter.

The Kidsons Impey survey of 210 businesses showed 66 per cent of smaller businesses were optimistic about their immediate prospects, while the chartered treasurers' survey of 600 big companies found that just 50 per cent were optimistic about their future.

Smaller companies were more optimistic about prospects for their sector, with 55 per cent expecting an improvement against just 24 per cent of the large companies.

The Kidsons Impey survey identified increased consumer demand as the factor most small and medium-sized businesses viewed as essential for recovery, while the NatWest survey said low turnover and lack of business were the most common problem.

NatWest survey: Small Business Research Trust, School of Management, Open University, Walton Hall, Milton Keynes, MK7 6AA. £15 (£45 annual subscription).

Halifax offers Peps to companies

HALIFAX, the largest building society, is offering companies a single-company Pep (personal equity plan) for employees.

The scheme, which is not available through branches or to individual consumers, will enable employees of companies to set up single-company Peps using shares acquired under employee share-option schemes.

Employees will be able to transfer £3,000 worth of shares directly from share option schemes into their single-company Pep where any capital gains on will be exempt from liability to tax.

Pension funds act on proxy votes

By Barry Riley

MEMBERS of the National Association of Pension Funds will this weekend receive notice of the setting up of a scheme to help funds exercise their votes when public companies ask their shareholders to approve important proposals.

The proxy early-warning service announced yesterday at the NAPF's annual investment conference in Eastbourne will form part of the association's campaign to encourage member funds to vote regularly.

There is a particular need in the short run to help companies to pass measures enabling them to move on to the London Stock Exchange's new Taurus electronic settlement system.

It is intended to start the scheme within the next few weeks in order that the forthcoming round of end-1991 annual reports and resolutions at annual meetings can be covered. The scheme, initially covering only the biggest 135 companies, could eventually include all 650-odd constituents of the FT-Actuaries All-Share Index.

Mr Angus Matheson, newly appointed chairman of the NAPF's investment committee, also foreshadowed several other initiatives at the annual investment conference in Eastbourne.

He announced that Mr David Adams of the British Rail pension fund is to head a monitoring group which will check that investment managers are complying with a new code on the advertising of investment performance. The group would also propose changes to the code where necessary.

Mr Matheson disclosed that the investment committee would soon reopen the controversy over guidelines for share-option schemes by issuing a consultative document. It would represent, he said, a search for a "credible consensus".

MR Peter Rawlins, chief executive of the London Stock Exchange, yesterday urged stockbrokers voluntarily to end the controversial practice of charging "soft commissions" through which charges on share deals are partially rebated to fund managers in the form of services.

"If people want a service, they should be prepared to pay for it visibly in a currency everyone understands," Mr Rawlins said. "Why do we need some indirect form of remuneration?"

He told the NAPF conference that practitioner-regulators had to counter the perception that they were "tied up in their own vested interests".

He said the present array of financial regulators should be replaced by three, in "a rigorous and rapid rationalisation of regulatory bodies".

The Securities and Investments Board should continue as before. There should also be two self-regulating organisations, one covering professional practitioners in the wholesale markets, the other covering those selling products to the public.

He also described plans for a working party to investigate the sometimes confusing ways in which fund management firms impose charges on their pension fund clients.

The proxy warning arrangement, said Mr Matheson, was intended to be useful not only to pension funds but also to companies concerned that they might not be able to achieve a quorum.

The working party on remuneration is expected to study existing practices and recommend ways of improving transparency of charging. It hopes that it will be able to report later this year.

Pension funds have for some years been complaining about hidden or "dirty" charging methods through which basic fees are substantially increased, for instance by means of charges for in-house unit trusts and extra commissions for overseas transactions.

● Mr Brian MacMahon, NAPF chairman, yesterday attacked the government for adding a 1 per cent age-related rebate to those aged over 30 who are contracted out of the State Earnings-Related Pension Scheme through a personal pension.

"This is not the level playing field which the government advocates," he said.

"There appears to be a definite and unjustifiable tilt in favour of personal pensions."

Northern Electric prices rise

By Juliet Sychrava

NORTHERN Electric, the regional electricity company based in Newcastle upon Tyne, will increase its prices by an average 2.6 per cent from April 1, it said yesterday.

The increase, well below the forecast rate of inflation, is likely to satisfy Offer, the industry watchdog which in October warned Northern and six other companies that it thought they were overcharging customers and might have to make refunds.

Northern said the increases – 3 per cent for domestic customers, 1.9 per cent for small commercial and industrial customers and 1.2 per cent for larger customers – were well below its forecasts for inflation of 4.2 per cent for the year to October.

Offer said Northern's increases, the first to be announced by a regional company this year, looked encouraging. However, it will check to ensure Northern is within the inflation-linked formula regulating price rises.

Ford set to lose leading share of new-car market

By **Kevin Done**, Motor Industry Correspondent

FORD is expected to have been ousted as leader in the UK new-car market by Vauxhall this month – the first time it has failed to lead the market on a monthly basis since the mid 1970s.

Meanwhile, UK new-car sales have fallen sharply in February, partly because car buyers have delayed purchases in the hope of a cut in car tax in the Budget on March 10.

Ford said yesterday that it had orders for 6,300 vehicles on hold until after the Budget. It claimed that the retail market for private car buyers had "died" during the final days of February.

Both Ford and Vauxhall forecast that official figures to be released next week would show new-car sales for the month down to about 165,000 – a 15 per cent drop from the 124,342 in February last year and a 44.7 per cent decline from record sales of 189,850 in February 1989.

In the face of the one of the steepest declines in car sales in the post-war period, the motor industry has been campaigning fiercely for the government to cut or remove the 10 per cent rate of special car tax.

This tax is levied in addition to the 17.5 per cent value added tax and is responsible for pushing UK car taxation well above rates in Continental markets such as Germany and France.

Ford said yesterday that orders for as many as 20,000 vehicles could be on hold in the whole motor industry pending the the Budget.

It expected sales to strengthen in the second half of March.

The level of demand declined this month, with year-on-year sales 9 per cent lower after 10 days, 12 per cent lower after 20 days and with an expected decline of 15 per cent for the full month.

Ford has held the leadership of the UK new car market on an annual basis since 1977, when it ousted British Leyland (now Rover).

With four selling days uncounted, Vauxhall had captured 20.5 per cent of new-car sales, with Ford slipping back to second place on 17 per cent and Rover on 16 per cent. Ford is expected to hold its leadership with January and February sales combined.

Ford insisted yesterday that it had not taken measures to artificially boost its market share in the final days of the month.

TGWU starts ban on overtime at Vauxhall

By **Michael Smith**, Labour Correspondent

MEMBERS OF the TGWU general workers' union at Vauxhall, the General Motors subsidiary, began an overtime ban yesterday in an effort to persuade the company to improve a pay offer.

Other unions – including the AEU engineering workers' union – are expected to order members to refuse overtime work within the next few days.

The Vauxhall offer to 9,000 manual workers would provide 5 per cent rises from October last year and an increase in line with inflation from this October, plus a single unconsolidated payment of 0.5 per cent of salary. Employees at the Luton car assembly and parts plants would receive an extra 5 per cent on meeting Vauxhall demands for changes in working practices and bargaining procedures.

The unions are angry that Vauxhall has refused to concede a reduction in the 39-hour week. They say the proposed deal is worth less than that won recently by Ford workers.

All work and no pay for many on leap day

By **Bethan Hutton**

BLAME IT on Christopher Clavius. But for the 16th-century astronomer, salaried people would not have to work a day extra this year for nothing.

Clavius, astronomer to Pope Gregory XIII, invented the Gregorian calendar which added a 29th day to February every fourth year.

While today's date means that employers of salaried staff will benefit from an extra day's work at no cost, those paid weekly can expect to receive a day's extra pay this leap year.

The extra day's production is expected to bring a rise in gross domestic product of at least 0.3 per cent. The Central Statistical Office said, though, that much of the leap-year effect would be smoothed out by seasonal adjustments.

Annual season tickets for public transport come this year with an extra day free, but buyers of weekly tickets will pay for the leap day. Monthly passes tend to cost the same for a calendar month no matter how many days are in it.

The same applies to anyone paying rent by the calendar month. Homebuyers will find their monthly mortgage payment the same as ever – most building societies divide the annual interest payment into 12 equal instalments.

Savers may think they are getting a good deal if interest is credited daily. But banks and building societies have thought of that, and calculate rates so that the annual total remains the same.

Travel companies have tried to exploit the leap-year tradition of women proposing marriage on February 29 by offering special romantic breaks.

FT readers canny enough to have bought an annual subscription will receive this paper gratis.

● Oxfam, the overseas aid charity, is asking people to use the extra time given by the leap day to help raise money for charity, with events such as a leapfrog human draughts match in Covent Garden, London.

Treasury rejects pressure to quit EMS

By **Peter Norman**, Economics Correspondent

THE TREASURY has rejected suggestions that a drop in the value of sterling or the pound's withdrawal from the European Monetary System would result in lower UK interest rates.

It also indicates in the latest issue of the Treasury Bulletin that there is little chance of UK interest rates falling below German levels in the foreseeable future.

Mr John Maples, economic secretary to the Treasury, said when launching the bulletin that the level of German rates was a "real constraint" on British interest rates. He added that there was "really no escape from that [constraint]" – although he refused to be drawn on the implications for UK base rates. The Bank of England has been resisting market pressure for a cut from the current 10.5 per cent before the March 10 Budget.

The Treasury's comments in the bulletin are clearly intended to counter critics of government policy such as Sir Alan Walters, who served as economic adviser to Mrs Margaret Thatcher during her premiership. They have argued that devaluation of sterling in the exchange rate mechanism of the EMS, or withdrawal from the system, would enable the government to lower rates.

The Treasury says a significantly lower exchange rate over the past year – either inside or outside the ERM – would "probably have meant less inflation convergence and higher UK nominal rates". A fall in sterling's exchange rate would be "bound to add to UK inflation", it says, and "lead to higher rather than lower nominal UK rates".

Drawing on a study of German and UK interest rates and the exchange rate of the pound against the D-mark since 1979, it describes the present narrow gap of less than 1 percentage point between UK and German short-term rates as "a rare event". It says there has been only one very brief period – in 1981 – when UK short-term rates were lower than German rates. That was after two years when sterling had unexpectedly been very strong.

Treasury Bulletin, Vol 3 Issue 1. HMSO. £6.80 (annual subscription £18.90).

Trevor Humphries

The answer is blowing in the wind: National Wind Power, a National Power subsidiary, yesterday announced that it had arranged an £18.5m loan for two wind farms in Wales and one in Cornwall. Pictured with a model turbine are Peter Chester, National Power executive director; Colin Moynihan, energy minister; and James McKellar, project finance manager

'Category killer' strikes in toyland

TOYS 'R' US, the chain based in the US, has seized 18 per cent of the UK toy market in just seven years, according to a report, John Thornhill writes.

Its performance highlights the impact of "category killers" on retail markets.

"Category killers" are highly efficient distribution channels which sell a wide range of goods at discounted prices from low-cost edge-of-town superstores.

The Corporate Intelligence Group, a retail research company, found that Toys 'R' Us, which opened its first UK store in 1985, is the clear leader in the £990m toy market. Argos, the catalogue showroom retailer, is second with 14 per cent of the market followed by Woolworth, owned by Kingfisher, with 13 per cent.

Other retail sectors appear vulnerable to such forms of competition. Ikea, the Swedish furniture group, has opened three big outlets in the UK and has slow but steady expansion plans.

Nevada Bob, a US golf equipment retailer which runs six superstores in the UK, plans to open more than 40 further stores by 1995 with the aim of capturing 12 per cent to 15 per cent of the £500m market.

Mr Robert Clark, director of Corporate Intelligence, said US "category killers" succeeded because of their determination to win customers. "They have a huge domestic market where they are first able to perfect their technique and build up sufficient financial strength to move across borders."

The report suggests that Toys 'R' Us will command more than 20 per cent of the UK toy market by the end of this year.

The combined effect of the success of Toys 'R' Us and the strains imposed by the recession have led to the demise of a string of smaller toy retailers, the report adds.

Retail Research Report 39. Corporate Intelligence Research Publications, 51 Doughtly Street, London. WC1N 2IS.

Ucatt unveils survival package

UCATT, the construction union, yesterday unveiled a package of organisational changes and a recruitment drive in an attempt to remain an independent union, Catherine Milton writes.

The survival package, which the union's officials are considering at a conference this weekend, includes a move to appoint officials instead of electing them.

If the change is approved, the AEU engineering workers' union will be the only large union to elect officials.

In the past year Ucatt has been dogged by allegations of ballot-rigging. Mr Albert Williams, the union's former general secretary, was suspended and reinstated and finally took early retirement. About a dozen officials have resigned.

Mr George Brumwell, who became general secretary last week, said: "We have survived this onslaught and I am confident that Ucatt can now begin to grow again."

Mr Brumwell said he aimed to keep the union independent, but did not rule out a merger as long as it was dictated by industrial logic rather than political or financial expediency.

Ucatt has been been badly affected by the loss of construction workers' jobs in the recession and has run a deficit for several years.

It believes the deficit for 1991 will be about £1.2m. The union's membership has fallen from 240,000 to 203,000 during the recession.

Most officials are elected by local branches. The union said this gives a small number of branch secretaries disproportionate influence while the system is open to abuse.

Complicated courtship rituals for a mythical creature

BUDGET '92

Diane Summers on the options open to a government set on wooing the "female vote"

THE "female vote", that arguably mythical creature, could well find herself courted in the Budget. Of the possible tokens of esteem available to Mr Norman Lamont, the chancellor, a measure to ease childcare costs is the most likely to be deployed.

The Labour party earlier this month launched a glossy magazine aimed at women. It also pledged to ensure local councils did not underspend on provision for under-fives in order to keep poll tax bills down. This would create, they said, an additional 23,000 nursery places at no cost to the government.

Mr Paddy Ashdown, leader of the Liberal Democrats, has said he believes the votes of women may determine the outcome of the general election and his party has backed the idea of childcare vouchers for use in private, state or workplace nurseries.

The Conservatives will not want to be left behind. The female vote as a distinct group may not actually exist – a position argued by Dr Anthony Heath, fellow of Nuffield College, Oxford, and an expert in voting patterns. What matters, though, is that it continues to exist in politicians' minds.

Mr John Major, the prime minister, set a women-friendly tone in October at the launch of Opportunity 2000, the business initiative to improve the position of women in the workforce. It would be entirely consistent for Mr Lamont to translate those words into actions.

Mrs Angela Rumbold, the Home Office minister who chairs the ministerial group on women's issues, says she has "put in quite a lot of ideas to the Treasury" on childcare. A particular interest is the stimulation of after-school and holiday provision. "There's no doubt about it, there is a requirement on the part of the woman who goes to work for help with childcare," she says.

The government is aware of criticism that public support for childcare in Britain is among the lowest in the European Community. It has made clear that it does not favour a monolithic approach to state provision but wishes to stimulate private – and in particular employer-led – efforts.

There are a number of Budget measures that could be taken to fit this approach, the most sweeping of which would be tax relief for parents on childcare costs. This approach is favoured by, for example, National Westminster Bank, which has called for an extended tax framework so working parents can claim the costs of registered childcare as a legitimate business expense.

Ms Ann Rennie, NatWest's head of equal opportunities, acknowledges that the deadweight costs of tax relief on childcare could be about £200m a year, but considers that "much of this could be offset by additional revenue generated from more women returning to work". Some estimates put the costs in foregone tax revenue at up to £500m.

Opponents of tax relief for childcare argue that it is potentially expensive for the public purse and would disproportionately favour the higher-earning nanny-employing classes. Top-rate taxpayers would receive the largest handouts – an unappealing proposition financially and politically at a time when the Conservatives will not want to be open to accusations of favouring their friends.

Far more likely as a Budget measure is the widening of existing tax exemptions on childcare subsidies provided by employers. This would be modest in its costs and, for the government, the positive publicity could equal that which would be generated by more expensive schemes.

The principle of childcare tax exemptions has already been conceded. In the 1990 Budget Mr Major, then chancellor, changed the rules so that subsidies provided by employers on workplace nurseries and play schemes no longer counted as a taxable benefit in kind.

However, the definition of "workplace" was narrow, with exemptions restricted to registered premises provided by the employer or those which the employer had a direct hand in running. This definition has given rise to many anomalies, says Working for Childcare, a campaign group.

Most important, the current rules specifically exclude childcare in a domestic setting and do not take in childminding schemes or vouchers for childcare provided by some employers. These exclusions are unfair, it is argued: not every parent wants to drag a baby into, for example, a city-centre workplace nursery; nor may it be practical for small businesses or organisations with widely-dispersed workforces to set up their own nurseries.

The campaign for Tax Relief and Childcare (Trac), set up after the 1990 Budget to press for exemptions for all forms of registered childcare, argues the costs of further reforms would be small. Based on the tax currently paid by parents who are receiving childcare subsidies from their employers, Trac claims the cost would be just £1.7m a year. Current tax exemptions on workplace nurseries are costing £3.3m a year, says the group.

Working for Childcare estimates that extending tax exemptions to all forms of employer-sponsored childcare would cost around £10m this year. Mrs Rumbold is less optimistic: "There's probably another nought somewhere round there."

Trac sets great store by the female vote, quoting a Gallup opinion poll: in July 62 per cent of women either agreed or strongly agreed they would "vote for a different party if they did more to assist with the provision of childcare for women at work".

Even if Dr Heath is right and the female vote is a chimera, childcare could still be a vote-winner. Men may be parents, too, Dr Heath points out – Budget childcare measures could have a general appeal and may, he agrees, serve to soften the government's image.

Print leaders recommend deal

LEADERS of the GPMU print union yesterday recommended a deal which they say would raise pay in line with inflation.

The proposed agreement with the British Printing Industries Federation would increase craft rates by £4.45 a week on April 24 and £2.50 from from August 24.

The federation, which represents 3,000 employers with a total of 50,000 workers, had originally pressed for a delay. The union opposed that and proposals for more flexible working.

UCW reforms

THE UCW postal workers' union voted yesterday to accept reforms which clear the way for continued recognition by Royal Mail, the letters arm of the Post Office.

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Dealing with the deficits

FIGHTING the general election campaign is, by now, the all-consuming passion of every UK politician. But none but the most superstitious will be able to resist the temptation to peer past polling day at the economic challenges they might face in government. Yet those who dare to raise their heads above the parapet are in for a nasty shock. Things could hardly get worse than they have been over the past eighteen months: but the immediate future looks none too rosy.

For Mr Major and his chancellor the next few weeks of economic news will provide quite enough gloom. If they can survive the longest recession since the second world war and win an election with no recovery in sight, they can probably survive any nasty shock that the post-recession period can throw up. But Mr Major must still be dreaming of the autumn days when he was able, briefly, to contemplate an early election.

The recovery promised by the Treasury then has failed to materialise. Indeed, the economic outlook has, if anything, deteriorated since. Consumers have suffered a discontented winter, burdened by high real interest rates and unprecedented debts that are being deflated, not inflated, away. They have refused to start borrowing and spending again, depressing domestic output and provoking companies into a second phase of retrenchment and job-shedding. January's unemployment tally sent shivers down the spines of nervous southerners and Tory pollsters. But the recent rash of redundancies – at Ford, BT and Jaguar to name just three – suggests that February's total will be similarly bad.

To make matters worse, the world economy has also turned decidedly sour, depressing exports and making a mockery of the Treasury's forecast of an export-led recovery. The unexpectedly sharp rise in the trade deficit has simply added to the air of general economic malaise that currently engulfs the UK economy. It may have strengthened Mr Major's misplaced claim that the world economy is to blame for the absence of recovery. But few are fooled.

Advance warning

Yet perverse as it may seem, this latest rise in the trade deficit provides an advance warning of economic problems of a very different hue: it is now possible to imagine the day when too much, not too little, growth will again be the bugbear of UK economic policy-makers. When the recovery does come, it will be consumer spending, not investment or exports, that leads the way. But the propensity of UK consumers to buy foreign goods, and the seeming inability of UK manufacturers to compete with them, means that imports will soak up much of the new demand for manufactured goods. Even at the bottom of this recession, with import demand at its most depressed, the UK trade account has remained in deficit. Once growth resumes, the deficit will also start growing.

Higher unemployment

The UK will be able to finance this deficit by borrowing from abroad, but the question is at what price. The higher the deficit, the larger the interest rate differential with Germany within the exchange rate mechanism that will be needed to reassure nervous foreign investors that they will not be repayed in devalued pounds. The consequence of higher interest rates could be yet another cycle of below-trend growth and higher unemployment. The Institute of Fiscal Studies, for example, estimates that annual growth will be around 2¼ per cent up to 1995, half a percentage point below trend.

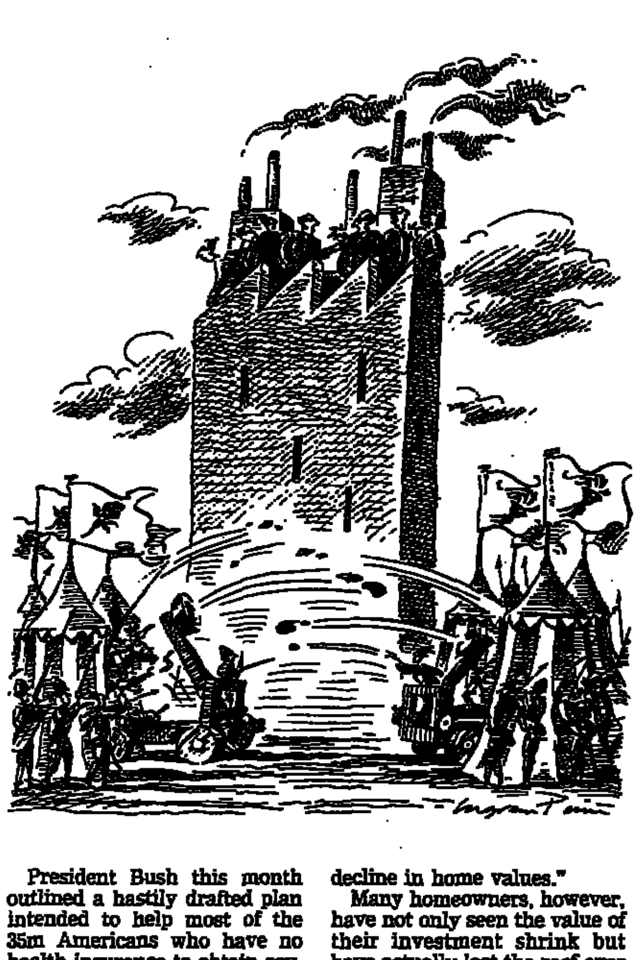
Yet slow growth means deficit problems of a second, fiscal, variety. Lower than expected growth this year and the likelihood of pre-election tax cuts mean that whoever wins the election will inherit a budget deficit that exceeds 4 per cent of gross domestic product in the coming fiscal year. But the public spending plans announced in last year's autumn statement were based on a trend growth rate of 3 per cent a year. Below trend growth to 1995, unless accompanied by spending cuts or tax increases, will mean a fiscal deficit over the economic cycle.

This twin combination of current account and fiscal deficits, familiar both to the US in the 1980s and to many developing countries, cannot be sustained for ever. The IMF, if asked, would in all probability recommend fiscal retrenchment combined with an exchange rate devaluation, neither of which appear in the manifesto of any British political party. The alternative is high interest rates, slow growth and rising government indebtedness. None of which makes attractive dreaming for any party hoping for power. For the Tories, further tax cuts would appear increasingly irresponsible. For Labour, re-distribution would have to be matched with higher taxes.

None of this will reduce the politician's appetite for power. For the victor, the electoral chalice may not be poisoned; but it will be a bitter draft.

Americans are starting to vent their frustration, writes **George Graham**

Tidal wave of anger



Across the US, voters are sending a damning message to President George Bush as his campaign for re-election in November limps from the recession-scarred north through the midwestern prairies to the sunbelt. The "primal scream" of anger registered in New Hampshire, where only 53 per cent of Republicans gave their vote to the incumbent president, was a strident warning that people are not persuaded by his expressions of care and understanding for their economic predicament.

The point was brought home in a Time/CNN poll last week that showed 59 per cent of those questioned felt Mr Bush did not understand the problems of the average American.

Mr Ben Rutland, an unemployed maintenance worker in Forsyth, a small town in rural Georgia, summed up the message: "I voted for Bush, but I ain't going to vote for him any more. Bush has got to go because this economy's dying."

Mr Clayburn Durham, who owns the village store in Fair Play, South Carolina, concurs: "The money's not coming across the counter quite like it used to. A lot of people are saying this isn't a recession, it's a small depression."

Despite the outpouring of anger caused by the current recession, measurements such as the national unemployment rate now 7.1 per cent, compared with an average of 9.5 per cent in 1982 and 1983 indicate that it is milder than recent downturns.

But the anguish of voters appears much keener: this week, the Conference Board, a New York-based business organisation, reported that its index of consumer confidence had dropped to its lowest level since 1974, despite economic statistics showing that business activity might be starting to pick up.

"For the first time the American people don't think their children are going to have as good a life as they've had forget better," says Ms Lynn Cutler, vice-chairman of the Democratic National Committee.

Particularly acute has been the pain of the middle class. Almost 90 per cent of Americans claim to belong to this category, but a growing number say they have been driven down the scale, or fear that they will be.

"We used to be in the middle class but we're now in the lower class. There used to be three classes, upper, middle and lower; now there's just rich and poor," says Mr Durham, in Fair Play.

Beyond the normal recessionary fear of job losses – and white-collar jobs have been hit more severely than in previous downturns – many Americans fear a wider range of personal disasters: lack of personal health insurance, the cost of a college education for their children, and falling house values.

For those in employment, there is the worry that they may be unable to change jobs because a new employer would not want to provide health coverage for their sickly child, or to pay for medical treatment for their dependent parents.

Health care forced its way on to the national agenda in November when it became a significant issue in the surprising election of Democratic Senator Harris Wofford in a Pennsylvania by-election.

President Bush this month outlined a hastily drafted plan intended to help most of the 35m Americans who have no health insurance to obtain coverage. But a study by the National Association of Community Health Centres argues that another 8m people supposedly covered by the Medicare and Medicaid public insurance schemes in fact receive inadequate medical care.

Perhaps the most immediate concern for some middle-class Americans is the declining value of the houses they bought at inflated prices during the 1980s. Nationwide, house prices recovered slightly in January after sliding 5 per cent in the second half of 1991, according to the National Association of Realtors. In the north-east, however, the fall has been sharper and more protracted, and house prices have still not returned to their 1988 levels.

"A lot of the net worth of many Americans is caught up in their home values. That's the foundation of their spending patterns," says Mr Clayton Yeutter, who has just resigned the chairmanship of the Republican National Committee to become President Bush's chief domestic policy adviser.

"It's been a rather rude shock for a lot of folks to discover that their net worth has shrunk during this recessionary period because of the decline in home values."

Many homeowners, however, have not only seen the value of their investment shrink but have actually lost the roof over their heads as they have been unable to keep up payments on their mortgages.

Mr Mohammed Ndiaye, for example, bought a house five years ago, eking out his salary from the De Kalb County local government, in the eastern outskirts of Atlanta, by driving a taxi part-time. Born in Nigeria, he lost his home in December after he was laid off by De Kalb, and is now a full-time taxi-driver.

"I've been a citizen for two and a half years and never voted, but this year I'm going to vote. Life was so sweet when the Democrats were in there: "It's terrible, it's just like a third world country."

Mr Percival Bryan shares Mr Ndiaye's occupation of taxi-driver, but not his assessment of the current economic climate. Now 86, he lived through the depression of the 1930s and recalls driving Mr Harry S Truman around Washington when he was an obscure senator from Missouri, before he became president. "Some of these people were living too high anyway living high on the hog, with two- and three-car garages and such," he says.

While individuals wrestle with the debts that have accumulated through job losses and homelessness, overhanging them all is this year's $400bn federal budget deficit, which will hamstring the administration's ability to stimulate economic recovery through higher public spending.

"I would definitely be in favour of the candidate who's going to do something about the national debt and quit strewing money around," says Mr Clay Owens, who works at Yoders Building Supplies, down the road from Mr Durham's store in Fair Play.

But in Washington, only a handful of politicians show any concern about the deficit and the debt they will be handing down to their children. Voters speak scathingly of politicians of all hues for their inability to dig the country out of its economic mess, but the fall-out appears more damaging to President Bush and the Republicans than to the Democrats.

Despite his best efforts to shift the blame for recession onto the Democrat-dominated Congress, Mr Bush, born and raised in wealth, has not convinced voters that he can address or even comprehend their difficulties.

Even Senator Sam Nunn, the austere and earnest Georgian who chairs the Senate Armed Services committee, has started to crack jokes about Mr Bush's scant experience of daily existence. At a gathering of Georgia Democrats last week he sneered at the president's apparent astonishment on his first encounter with a modern electronic supermarket check-out, and gibed that Mr Bush planned to polish his down-to-earth image with voters in the south, where hunting, shooting and fishing are a way of life, by installing gun-racks in his speedboat.

As the debate over the economy quickens, the Democratic party hopes to capitalise on Mr Bush's difficulties to reclaim the presidency it has held for only four of the past 24 years.

"People are scared to death in this country. You mustn't underestimate the level of fear and anger that exists in the American people today," says Ms Cutler.

So far, however, the four main Democrats who have entered the race for their party's presidential nomination – Senator Paul Tsongas, Governor Bill Clinton, Senator Bob Kerrey and Senator Tom Harkin have largely failed to deliver a message that connects with the electorate.

"People are frustrated, angry and in many ways very cynical. I don't think there is a candidate who comes to the table who has been able to tap into that anger, so people are forced into voting negatively," says Mr Ed Brown, executive director of the Voter Education Project, an Atlanta-based foundation working to increase black participation in the electoral process.

Many voters are far from convinced that politicians from either party can solve the country's problems and set it on a more prosperous road.

"It's going to take the people to get us out of this. Everybody keeps saying it's the president, but it's got to be the people," says Mrs Jean Whiten, daughter of Mr Durham, Fair Play's shopkeeper.

"The way things have gone it's so bad the only thing now is for the country to go plum busted and start anew," concludes her father.

Elephants in their sights

David Dodwell on the arguments for lifting the ivory trade ban

A Zimbabwean villager had a blunt riposte to the world's "ele-friends" gathering in Kyoto this weekend, intent on maintaining a ban on ivory trade: "Elephants eat people's food, and people are dying of hunger."

The question of whether to lift the ban will be among the most controversial issues this week at the triennial meeting of the Convention on International Trade in Endangered Species (Cites). As a test case for the effectiveness of trade measures in achieving environmental ends, it will provide important signals for action in defence of endangered animal and plant species.

Although elephant populations have recovered in some areas, such as Zimbabwe, since the imposition of a ban on ivory trade in 1989, the species remains in danger. There is a heated debate over the extent to which the ban on trade has been responsible for the slim, localised recovery and whether extending the life of ban will sustain or undermine the future of the elephant.

The danger facing the elephant is not in dispute. Africa's elephant population slumped from 1.2m to 600,000 between 1980 and 1988. Total trade in unworked ivory rose from about 200 tonnes a year in 1950 to about 1,000 tonnes a year in 1980, and remained at this level throughout the 1980s. The total of ivory exported between 1979 and 1988 accounted for more than 700,000 elephants.

Since the imposition of the trade ban at the last Cites meeting in 1989, there has been progress. Demand in Europe and the US for ivory has virtually disappeared, according to customs statistics. Poaching has not been eradicated, but in certain countries (notably in southern Africa) success has been such that elephant herds now need to be culled.

But can the trade ban be credited for these successes? And can they be maintained?

Evidence derived from the ivory trade debate suggests that the ban is valuable as a source of publicity and has helped to reduce consumer demand for ivory products. As long as legal ivory cannot be distinguished from illegal ivory, a total ban also simplifies the international policing effort. But there are also concerns among conservation groups that success is only partly due to the ban and that illegal trade channels may expand and reverse the progress which has been achieved.

Even the Worldwide Fund for Nature, a committed campaigner for maintaining the ban, concedes in a report published this month: "These dramatic drops (in poaching) were brought about through increased law enforcement efforts."

African governments which are calling for a lifting of the ban base their case on the need to strike a balance between their rural communities and the local elephant population. The concern underpinning Zimbabwe's call for a resumption in trade is that the rising number of elephants, with their voracious appetites, are threatening the livelihood of the agricultural community. While they have no economic value, there is no incentive for villagers to tolerate them.

The Zimbabwean government insists, therefore, that a controlled resumption of trading in ivory would provide villagers with an incentive to tolerate and protect local elephant populations.

An alternative strategy is to promote Safari tourism. According to research by Dr Edward Barbier at the London Environmental Economics Centre, the annual value of ivory exports from Africa amounted to between $50m and $60m in the 1980s: "Other values of the elephant, such as its importance to tourism earnings, may be considerably more significant," he says.

In a recent study of the economic value of elephants, colleagues at the Centre pointed out that in Kenya, earnings from viewing elephants came to about $25m a year – about 10 times the estimated value of poached ivory exports from Kenya.

But despite the array of arguments mustered in favour of lifting the ban, such a policy poses clear dangers. Resumed trading would provide an avenue for poachers in countries where elephants remain under threat to "launder" illegal ivory by mixing it with ivory from legal culls.

Tests can now identify the DNA characteristics of individual pieces of ivory. It is therefore technically possible to identify poached ivory. Just how simply or effectively such tests could be administered is another matter. It is clear that no retail purchaser of ivory could tell the difference on a shop shelf, so oversight would need to be effective at source.

Environmentalist groups, such as the Environmental Investigation Agency also emphasise the practical difficulties of monitoring the ivory at its source. They argue that corruption in large parts of Africa, and military conflict in Mozambique and elsewhere, as reasons for doubting whether DNA testing could be effective in preventing poached ivory from reaching world markets.

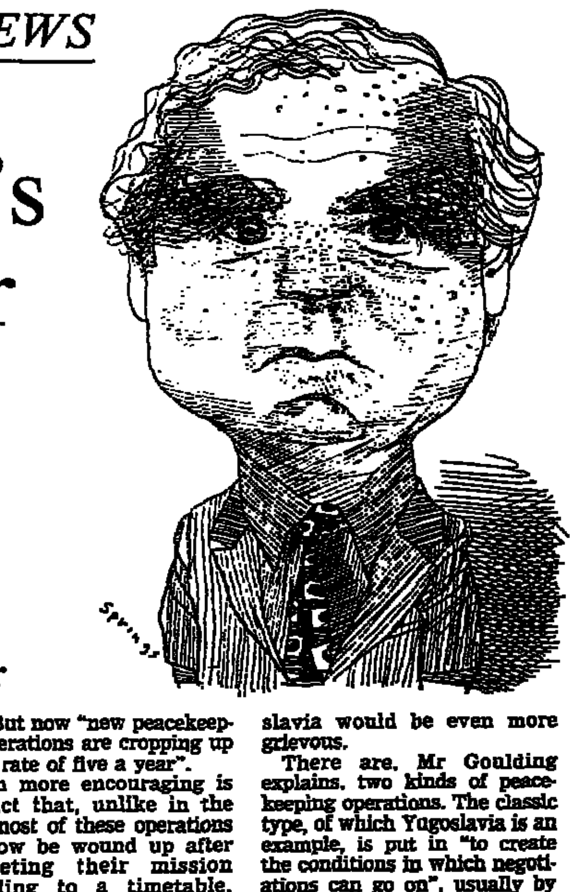
Thousands of miles from the arguments in Kyoto, the elephant is unable to rest easily. Its security will not be guaranteed until demand in end-user countries has been stanched; until village communities in Africa can see some economic benefit from preserving this immensely disruptive pachyderm; and until the corruption and conflict on which poaching thrives have been brought under control.

MAN IN THE NEWS

Marrack Goulding

The UN's protector of a fragile peace

By Edward Mortimer



Early yesterday morning Mr Marrack Goulding was in a New York hospital. Not, happily, with gunshot wounds, although it well might have been: three days earlier he had been fired on by pro-Iranian militiamen in south Lebanon while inspecting the scene of an Israeli incursion into UN-policed territory.

Mr Goulding's medical problem is more prosaic, though not unrelated to his job as UN under secretary-general in charge of peacekeeping. Two months ago he had what is normally a routine operation to correct Dupuytren's contraction, a claw-like stiffening of the hand, but he has been in pain ever since.

"I travelled too soon," he explains. "It got infected in the Western Sahara, and then I had to go straight from there to Yugoslavia and had some rather bizarre treatment in Zagreb." Is it getting better? "Not really. The medical advice is not to get stressed out…"

He gives a hollow laugh. The chance of his being able to follow this advice is clearly zero. Peacekeeping is in far too much demand these days to allow any prospect of peace and quiet for the man in charge of it. Mr Goulding has 10 such operations under his command at present, including the unprecedentedly ambitious task of bringing peace and reconstruction to Cambodia, which involves supervising both the existing administration and the election of a new one.

It is now six years since Mr Goulding ("Mig" to his friends) left the British Foreign Office in mid-career – he was 48 and had been ambassador in Angola – to join an organisation he then regarded as "probably terminally ill".

He took over from Sir Brian Urquhart, a lifelong UN servant who had built up the peacekeeping function virtually from scratch, drawing on his experience in the British army where he served right through the second world war.

Mr Goulding, by contrast, served only three months in the Royal Artillery before being medically discharged. He has a slightly "hot-and-bothered" manner which contrasts with Sir Brian's legendary unflappability.

But his nerve has held under fire, and he has grown into the responsibility. His talents were rewarded earlier this month when Mr Boutros Boutros-Ghali, the new UN secretary-general (with whom Mr Goulding clearly has an easier relationship than he did with his predecessor, Mr Javier Perez de Cuellar), kept him on, in charge of an enlarged department, as one of only eight under secretaries-general where there were 17 before.

Three years ago, when Mr Perez de Cuellar separated peacekeeping from "peacemaking" (ie: political diplomacy), Mr Goulding felt slighted and frustrated that his own role was confined to the former; but now he is quite happy with the division of labour. "It would be boring," he adds, "if we were back in the bad old days when there were only five operations and nothing much was happening." But now "new peacekeeping operations are cropping up at the rate of five a year".

Even more encouraging is the fact that, unlike in the past, most of these operations can now be wound up after completing their mission according to a timetable, instead of getting bogged down and dragging on year after year.

Thus all five of those set up in 1988-89 have now been completed: those that supervised the Soviet withdrawal from Afghanistan, the ceasefire between Iran and Iraq, the Cuban withdrawal from Angola and the independence of Namibia, plus the observer group in Central America.

Mr Goulding admits, by contrast, to being "very uneasy" about Yugoslavia, which he fears may become "another Unifil" – the luckless UN force which has been in south Lebanon since 1978, and has become a target for both sides. These fears are shared by Mr Boutros-Ghali. But both came to the conclusion that the dangers if no UN force were sent to Yugoslavia would be even more grievous.

There are, Mr Goulding explains, two kinds of peacekeeping operations. The classic type, of which Yugoslavia is an example, is put in "to create the conditions in which negotiations can go on", usually by helping maintain the ceasefire at the end of a war. The newer type, seen in Namibia, Cambodia, Western Sahara and El Salvador, forms part of a political settlement which has already been negotiated but requires an impartial third party to oversee its implementation.

In both types of operation, he stresses, it is crucial that the peacekeeping side be fully informed and consulted by those who negotiate the terms on which a peacekeeping force is to be sent in. In this respect he regards the process in El Salvador, where he worked very closely with his "peacemaking" colleague Mr Alvaro de Soto, as a model; by contrast, he describes the arrangements in Western Sahara, negotiated in great secrecy by Mr Perez de Cuellar's special envoy Mr Issa Diallo (now head of the UN's Economic Commission for Africa) as "a disaster".

Similarly, Mr Goulding feels hopeful that at least the worst pitfalls of Lebanon can be avoided in Yugoslavia because in the latter case he was able to work very closely with the special envoy, Mr Cyrus Vance, who negotiated the terms of the UN force's deployment.

Peacekeeping, as Mr Goulding himself puts it, has become "the flavour of the decade". Armenia is now calling for a UN force in Nagorno-Karabakh, and who know which other ex-Soviet republics will soon make similar demands. This is flattering, but Mr Goulding foresees problems. One is money: already there is a head-on clash over the cost of the Yugoslav operation between the Secretariat and the five permanent members of the UN Security Council which, Mr Goulding says, are "very reluctant to make available the money we say it's going to cost".

In the case of Namibia the Council drastically reduced the size of the force Mr Goulding had asked for, and he blames this for the deaths of 333 people when Swapo guerrillas swarmed across the Angolan frontier in April 1989, straight into the guns of the South African army.

The second problem he sees is the management capacity of the Secretariat itself, which is already "stretched to breaking point". "Nobody round here ever gets such a thing as a weekend, or can count on getting home before 10 or 10.30 any evening" – a fact his wife Susan ruefully confirms.

"We need more people, better financial and administrative procedures. We must have the money available when we need it. At the moment we have no authority to spend anything. We need reserves."

But Mr Goulding stresses that he is not complaining about a job which has "more than lived up to expectations". His contract has been extended for a year, but he says he would gladly serve another six.

Kevin Brown on the royal row caused by Australia's Paul Keating

A little local difficulty

"The narrow ways of English folk are not for such as we; They bear the long-accustomed yoke of staid conservancy: But all our roads are new and strange And through our blood there runs The vagabonding love of change that drove us westward of the range and westward of the suns"
– A B 'Banjo' Patterson 1890

Mr Paul Keating, Australia's Labor prime minister, struck a raw nerve among Britain's remaining imperialists this week by asserting Australian independence and criticising Britain's conduct of the second world war.

His outspoken comments came at the end of a fortnight in which British blood had already been heated to boiling point by a number of "insults" allegedly delivered to the Queen by Mr Keating and his wife Annita in the course of a royal tour. Mrs Keating's failure to curtsy to the Queen was an ideal story for the "rat pack" of tabloid journalists which follows the monarch on overseas trips, as was a supposedly pro-republican speech made by Mr Keating at a reception in Canberra.

But seen from the South Pacific, the jingoism of much of the reaction seems to throw more light on some Britons' addiction to the dregs of empire than on the development of Australian nationalism.

The tone was best captured by the Daily Star, which told its readers that "Australia's loathsome Labour leaders have found a new sport. It's called Mocking Her Majesty."

The paper seemed most upset that Mr Keating had touched the Queen during the Canberra reception. The prime minister "slapped his arm around the Queen's waist as if she was a Sheila by the sheep-dip," it reported.

The comment reflects a historical view of Australia (and its neighbour New Zealand) as Britain's South Pacific farm, a role it fulfilled from the mid-19th century until the mid-1970s. But it is a long time since Australians have been "British to their bootstraps," as Sir Robert Menzies, conservative prime minister from 1946 to 1965, once said.

Even a casual visitor cannot fail to notice that Australia is fast becoming a multi-racial society, in which traditional ties to the so-called Mother Country are fading rapidly. Post-war immigration from southern Europe, Asia and the Middle East has cut the proportion of Australians with direct British links to less than 60 per cent from more than 90 per cent 40 years ago. And while many Australians still head for London when they go overseas, perhaps clutching a British passport inherited from an immigrant father or grandfather, many others head for Greece, Italy or Hong Kong.

Trade links with the UK are also declining in importance – about 65 per cent of Australian exports now go to Asia, compared with less than 15 per cent to the whole of the European Community.

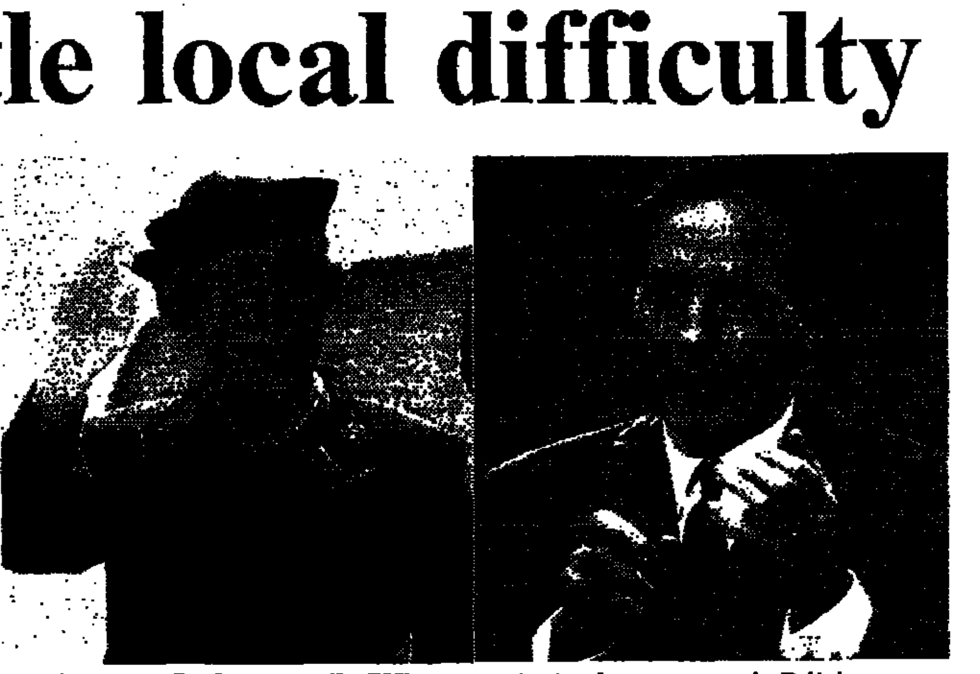
The change of national direction has been difficult for many of the current generation of political and business leaders, few of whom speak an Asian language or have close personal links with Asian leaders. But it has contributed to a growing feeling that the time has come for Australia to consider completing the long drift away from Britain, a drift which has been going on since the continent's six colonies formed a federation 1901.

Federation made Australia an independent dominion within the British Empire, as Canada and South Africa were at that time. This status gave Australia a single national government, while the Queen remained head of state. It was encouraged by London and supported by most Australians.

However, federation also had the effect of neutralising the nationalist movement, which had achieved some prominence in the 1890s as a result of socialist activism and the stories and poems of writers such as "Banjo" Patterson.

Nationalists made some headway during the first world war. Many Australians blamed the British, and in particular Winston Churchill, for the disaster at Gallipolli, where 7,600 Australians were killed fighting the Turks – about a quarter of the British and French casualties.

Resentment of Britain's allegedly callous treatment of Australian troops led voters to reject a referendum on changing the constitution to allow conscription and hence enable increased support for Britain's war effort.



The Queen and Paul Keating: the PM's comments struck a raw nerve in Britain

The most important change in the relationship took place in December 1941, when John Curtin, the wartime prime minister, turned to the US for help against a threatened Japanese invasion. There was some unease in Australia about Curtin's statement that the country turned to the US "free of any pangs as to our traditional links or kinship with the United Kingdom". Nevertheless, his declaration ended Australia's military dependence on Britain and began the process of coming to terms with its Pacific geography.

Since then, Australian governments have also ended judicial appeals to London, replaced God Save the Queen with Advance Australia Fair, and formally separated the British and Australian thrones, although the British monarch is still automatically Queen of Australia.

Against this background, it would be impossible for a modern Australian prime minister to greet the Queen, as Sir Robert once did, with the fawning couplet which Sir Walter Raleigh is believed to have penned in praise of Queen Elizabeth I: "I did but see her passing by/ And yet I love her till I die."

Yet it is worth looking at what Mr Keating actually said in his speech last week, which reportedly upset the Queen. The most important passage referred to the difference between 1954, when millions of Australians lined the streets to see the Queen's first visit, and 1992, when the crowds were numbered in thousands.

"This is an altogether different generation, reflecting a profound change in our two countries and the relationship between them. As our constitutional relationship has evolved, so have the circumstances of our economic and political lives," he said.

"These days we must both face the necessities of a global economy and global change of often staggering speed and magnitude. We must also face regional realities. Just as Britain some time ago sought to make her future secure in the European Community, so Australia now vigorously seeks partnerships with countries in our own region. Our outlook is necessarily independent."

In itself, the speech did no more than set out the realities of the relationship. In speaking of the Queen as a foreigner, Mr Keating clearly intended to make a small gesture towards Australian nationalism. Mrs Keating's failure to curtsy, within the bounds of royal protocol, will have the same effect.

But what is odd about the incident is that anyone should have been surprised. Labor has been committed to a republic for a decade, and last year formally pledged to aim for the abolition of the monarchy by 2001, the centenary of federation.

Nor is Mr Keating Australia's first republican prime minister. Both Mr Bob Hawke, his predecessor, and Mr Gough Whitlam, Labor premier from 1972 to 1975, made no secret of their view that Australia should become a republic.

Far from embarrassing Mr Keating, criticism from Britain may help to rescue Labor's fading chances of winning the 1993 federal election by allowing it to present itself as the party of Australian patriotism. Mr Keating appeared to be taking this line when he was questioned about the issue in parliament.

The prime minister responded by accusing Britain of abandoning Australia to the imperial Japanese army in 1942 by failing to defend the Malaysian peninsula properly, allowing the garrison in Singapore to fall, and attempting to prevent the return of the Australian Seventh Division, which was wanted for home defence.

These allegations are uncontroversial in Australia, although some historians take the more generous view that Britain did what it could in the Pacific in the light of more pressing strategic priorities elsewhere.

Early opinion polling indicated that about two-thirds of Australians thought the criticism justified.

The rumpus leaves the republican movement rubbing its hands over the publicity its cause has received. "It is ironic that the Queen's visit has given the biggest impetus to the campaign that we have had for years," says Labor senator Mr Chris Schacht, a veteran republican campaigner.

"The British tabloids can say what they like about us, they are totally irrelevant to Australia's future, as Britain itself is. It is quite clear now that a republic is inevitable."

When Irish eyes smile

Ralph Atkins on a possible coalition deal at Westminster

Within 24 hours of election day, Mr John Major, the prime minister, may face an anguished choice between telephoning Mr James Molyneaux, leader of the Ulster Unionist party, or calling the removal men.

With opinion polls suggesting that neither the Tories nor Labour will win a majority, a pact between the Conservatives and Unionist MPs is edging up the scale of possible outcomes.

Although the Conservative party says an outright victory is its only aim, senior members of the party have weighed the possible gains and losses of a pact with Northern Ireland's unionists – the Ulster Unionist Party and the Democratic Unionist Party – and have considered how the wooing might be done. Mr Peter Brooke, Northern Ireland secretary, has acknowledged that a deal is possible, while Mr Major has not ruled it out.

In the event of a hung parliament, such calculations would determine whether a minority Tory government could survive or whether Labour would be given a chance to form an administration. It could prevent an early second general election.

The Ulster Unionist party is a likely first choice for Mr Major should he search for a coalition partner. The Liberal Democrats, now with 22 MPs, have strengthened their demands for electoral reform and would demand ministerial posts. If the election result is tight, a deal with the nine Ulster Unionist MPs (a number unlikely to change much in the election) may be enough for the Conservatives to hold onto power.

Mr Brooke has acknowledged that a deal is possible, while Mr Major has not ruled it out

Mr Molyneaux would probably seize a chance to influence the governance of Northern Ireland, particularly if the alternative were a Labour government and its policy of unification of Ireland by consent.

But it would be a marriage of convenience rather than shared aspirations. Although the two parties have had close ties since the 19th century, a wedge was driven between them by the 1972 imposition of "direct rule" from Westminster which ended Unionist control over government in the province. Ulster Unionists no longer take the Conservative whip, and they sit on the opposite side of the Commons chamber.

Personalities would clash. The 71-year-old Mr Molyneaux is a canny, old-school Westminster operator who dislikes undue media attention or high-tension negotiations. His colleagues are similarly unambitious, unused to the disciplines required to support a government with a fragile majority. No more than a handful are at Westminster for more a day or two a week. Northern Ireland is their main concern. Views on other issues vary but are usually conservative, sometimes more so than the Conservative party.

The Rev Ian Paisley, the voluble leader of the Democratic Unionist Party, and the DUP's two other MPs may also be persuaded to support the Conservatives. But Mr Paisley's rumbustious character makes any deal-making an unenviable task.

In pursuing a pact, Mr Major's negotiating tactics might run something like this. First, Ulster Unionists would be offered an opt-out clause for Commons' votes affecting mainly the province but be expected to support the Tories in other areas. There might be some fudges. On parliament's endorsement of the Maastricht summit – an area where most Ulster Unionists would want to express disquiet, a minority Tory government could perhaps rely on sufficient votes from Liberal Democrat or Labour MPs.

Second, the prime minister would meet some of the Unionists' demands. Mr Molyneaux wants a Commons select committee to scrutinise the administration of Northern Ireland business – long blocked by the government pending agreement on a devolved government in the province. Promises of fuller debate of Northern Ireland legislation would follow and then, possibly, more powers for local councils. There would be government assurances on tighter security in the province.

The Ulster Unionists would push hard for a renegotiation of the 1985 Anglo-Irish Agreement which, they believe, gives the Irish government too much say in the running of Northern Ireland. That would pose difficulties for Mr Major. It is an internationally recognised treaty, at the centre of a a government policy of bringing Unionist and nationalist leaders to the negotiating table. Changes would have to be agreed with Dublin.

In practice, however, government

A Tory/Ulster Unionist pact would end government claims to be a neutral arbiter of talks

policy on Northern Ireland would already have been undermined. A Conservative/Ulster Unionist pact would end government claims to be a neutral arbiter of talks. Because Mr Brooke has championed such a neutral approach he would probably have to be replaced. "Round-table" talks, involving all of the parties to the Northern Ireland troubles would be unlikely to take place. The government would be playing to Mr Molyneaux's "integrationist" instincts, ruling the province as if it were like any other part of the UK.

Mr Major might find that prospect unpalatable. For many Tories, it would be an unwelcome step back towards the Unionist hegemony in Northern Ireland prior to 1972. It would also sour UK relations with the Irish government.

Improved relations with Dublin have been central to Mr Major's initiative towards Northern Ireland. A pact with the Unionists would jeopardise that stance. It would not provide a coherent alternative.

The result, given the lessons of two decades of "troubles" in Northern Ireland, would probably be a continuing political vacuum in the province. Terrorism would not stop. Notwithstanding the gains for the Conservative party, Mr Major would have to decide whether it was a price worth paying to remain in Downing Street.

LETTERS

Scotland shows landlords how

From Mr G E Webster.

Sir, I read with interest the article by Vanessa Houlder on the property page ("Landlords' common front", February 21) dealing with the fears of English landlords in the face of proposals to repeal legislation that allows recovery of unpaid rent from former tenants.

Perhaps I could spread some calm by pointing out that in Scotland it has never been the case that a tenant who assigns requires to remain liable for these conditions in the case of default by the assignee. The system works satisfactorily and in itself has no effect on capital values.

Obviously in the alienation clause of the lease, Scottish landlords ensure there are stiff conditions imposed in their favour for approval of assignations, particularly with regard to financial strength. The route of sub-letting of the space is always open where of course the original tenant does indeed remain liable for his sub-tenants' performance.

If English solicitors consult their Scottish counterparts they should find well established solid rules that can be adopted to nullify the politicians' excesses.

G E Webster,
partner,
Richard Ellis,
Pacific House,
70 Wellington Street, Glasgow

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

CBI challenges the view that UK is in longest and deepest recession

From Mr Andrew Sentance.

Sir, It appears to be accepted that the UK economy is in the longest – though not the deepest – recession since the Second World War. This was the main theme of your coverage last week of the provisional gross domestic product figures for the fourth quarter. A closer examination reveals that this is not the case.

The longest continuous period of decline is still the five quarters ending in the first quarter of 1981. This is because the decline in GDP that has been under way since the middle of 1990 was interrupted in the third quarter of 1991 by a slight rise.

The rise in GDP in the third quarter of last year has now turned out to be a blip caused by a bounce back in oil production. However, if we are to exclude such blips in activity from our calculations, the decline in GDP in the mid-1970s appears to be the longest, with GDP falling from the third quarter of 1973 and a sustained recovery not beginning until two years later.

Douglas McWilliams (Letters, November 25, 1991) suggested an alternative definition of recession: the period of time until the economy has recovered to reach the previous peak in output. On this definition, the recessions in the mid-1970s and early 1980s both lasted over three years.

By this rule, we will not know whether we have been in the longest post-war recession until we have the figures for GDP in the third quarter of 1993.

In all this analysis, we are not really comparing like with like. The historical data, with which the most recent figures are compared, have been significantly revised since their first publication. Such revisions have often been much larger than the 0.2 per cent rise in GDP recorded in the third quarter of 1991, or the 0.3 per cent fall in the fourth quarter.

It is, therefore, premature to describe the current recession as the longest since 1945. Such statements may well be proved incorrect by subsequent events – and data revisions – which economic commentators may not have been very good at anticipating!

Andrew Sentance,
director, economic affairs,
Confederation of British Industry,
Centre Point,
103 New Oxford Street,
London WC1A 1DU

Not a lot of paper in Brazil

From Ms Kathy Bradley.

Sir, In his profile of Chris Patten (February 25), Philip Stephens inaccurately blames piles of research papers for extracting a "sizeable chunk from the Brazilian rain forests".

This is a common misconception which has been widely adopted. In fact, the destruction of the Brazilian rain forests is in no way connected with the production of paper. Tropical hardwoods are unsuitable for paper-making.

Wood pulp which is exported from Brazil comes primarily from eucalyptus plantations, carefully managed and grown specifically for pulp production.

Kathy Bradley,
manager,
Pulp and Paper Information Centre,
Papermakers House,
Rivenhall Road, Swindon

Morgan: applying a dictum well

From Mr Brian Cowell.

Sir, Your leader, "Perilous niches" (February 26), implies that the Morgan Motor company manufactures instant antiques. Morgan cars perform their designed purpose better than cars from the mass producers.

Occam said: "It is vain to do with more what can be done with fewer." Morgan applies the dictum very well.

For example, four-wheel steer is achieved by the dynamic characteristics of the suspension while other manufacturers employ complex linkages, which will suffer from wear; or, as BMW does, by means of electronic signals from speedometer, front wheels and steering column operating hydraulic actuators acting on the suspension.

As a consequence, Morgan will out-brake (even without ABS) and out-corner other cars, to the good of primary safety.

Brian Cowell,
Carisbrooke House,
Hucclecote,
Gloucester GL3 3QR

Appalling administrative burden

From Mr Desmond Goch.

Sir, I was today visited by local officials of Customs and Excise to explain to me the responsibilities that major importing and exporting businesses will have imposed on them from January 1993 under the EC trade statistics collation scheme known as Intrastat.

I am appalled (and I use that word advisedly) by the scale and complexity of the administrative burden that is in the making for those of us involved in industrial and commercial management. All credit to Customs and Excise authorities for embarking on their consultative exercise – but I am fearful that the penny has not yet dropped for many businessmen and they are in for a shock when they come to grips with the extra workload that will be thrust upon them next January.

Desmond Goch,
managing director,
Coster Aerosols,
Babbage Road,
Stevenage,
Herts

Use of life assurance ratios data for cost comparisons deemed to be 'inappropriate'

From Mr R H Ranson.

Sir, It is a great pity that the article by John Authers ("Hidden costs that can make life policies so expensive", February 22) further confuses the debate about life office expenses. The data on which the quoted ratios are based has been available in the public domain since the current regulations came into force in 1984. That it has not been used before for the purpose quoted is probably because it is inappropriate to do so. The results can be misleading, as they could be for the Securities and Investments Board comments on lapses which were drawn from a similar source.

An example is that the new business figures in the form reported to the Department of Trade and Industry returns are based upon certain definitions. In the case of this office, that results in an understatement of the true position. Similarly, it is likely that the author has left in his calculations the society's unit-linked and non-profit business despite the claim to deal only with with-profits business. Similar discrepancies must arise with the other offices quoted and must cast doubt on the figures. A further serious deficiency is that the DTI returns show absolute expenses. With contracts like endowment assurances, there is almost certainly for all life offices some netting down of those expenses when passing on to policyholders to allow for the effect of tax relief.

Life offices are much criticised for resisting pressure to move away from the "reduction in yield" concept – a concept which makes comparison of expenses between life offices and between the life industry and deposit taking institutions straightforward. For example, one life office might say, "if we can earn 10 per cent on investments, the effect of our expenses will be as if we had earned 8 per cent", whereas another might say "the effect is as if we had earned 7 per cent". A clear, simple way of identifying differences.

The life offices continue to resist other types of disclosure not because of a wish to hide their expenses, but simply because they know that all other methods so far advanced by commentators, whose knowledge and understanding of our business is unlikely to be so deep, do not do the job adequately. The range of contracts on the market and their variety of charging methods is so great that it is difficult to find a method of expressing the effect of different charges and their incidence in a way which is not misleading. Rather than subjecting the life industry to a continuous barrage of criticism and putting forward ill-founded alternatives, it might be more helpful to the consumer if commentators attempted to explain the life offices' stance a bit more objectively.

Since my office appeared as the most competitive regarding charges in your article, no doubt you will accept that I have no particular axe to grind. My concern is to generate some objective discussion.

R H Ranson,
managing director and actuary,
Equitable Life Assurance Society,
Walton Street,
Aylesbury, Bucks HP21 7QW

UK COMPANY NEWS

Lloyds Chemists in £91m agreed bid for Macarthy

By Jane Fuller

LLOYDS Chemists, the retailer which is number two to Boots in the UK market, yesterday made an agreed £91m offer for Macarthy, owner of the Savory & Moore chain and originally the subject of three rival bids.

If Lloyds' bid goes through – and UniChem, the drugs wholesaler, had not yet ruled itself out of contention – it will end more than nine months of uncertainty for Macarthy.

Lloyds took less than two days to win over the Macarthy board after the Monopolies and Mergers Commission on Wednesday cleared the way for both it and UniChem to bid again.

Macarthy was first, but unsuccessfully, wooed by Grampian Holdings, the Scottish mini-conglomerate, which put in a bid on May 22 last year when the target's share price stood at 168p.

Lloyds joined the fray in August with a bid of one new share plus 21p cash for each Macarthy share, which lapsed on the MMC referral.

The new bid is either a 1-for-1 share offer, valued at 327p a share last night, or 305p a share in cash. The latter is 22 times Macarthy's 1990-91 earnings per share of 13.8p.

Mr Allen Lloyd, chairman and chief executive, said that after the MMC-imposed delay it had proved much easier to get underwriting for a cash offer. Last August "the biggest criticism of our bid was that it came too soon after the previous rights issue". Less than four months earlier it had raised £71m in a 1-for-2 issue to pay £55m for the Kingswood chemists' and the Holland & Barrett health stores.

The acquisition of Macarthy would involve the company in issuing up to 29.5m new shares, compared with the present total of 86.5m.

Mr Dick Steele, finance director, said that the pro forma balance sheet for the enlarged group would show gearing of roughly 60 per cent on net assets of £80m. At the June year-end, Lloyds had £5m cash but acquisition-related spending totalled nearly £20m since then – including £8m on a 9.9 per cent stake in Macarthy.

The target's net debt stood at nearly £15m in September, when its net assets were £25.1m. Since then outgoings included £3.1m in capital spending and £1.4m dividends. Acquisition costs would include £800,000 in severance payments to Macarthy's directors plus office closure and redundancy bills.

After the acquisition, Lloyds would have 1,280 stores (chemists', drugstores and health stores) compared with 1,079 now. Macarthy adds 172 chemists' and 29 health stores.

In the year to June 30, Lloyds increased its pre-tax profit by 53 per cent to £20.8m on sales of £258m; earnings per share went up 21 per cent to 20.96p. Macarthy made £5.31m pre-tax on sales of £205.8m in the year to September.

Lloyds' offer has been irrevocably accepted by Govett Strategic Investment Trust, which owns 16.8 per cent of the shares, giving the bidder a total of 26.7 per cent so far.

See Lex

Hillsdown canner buy referred to MMC

By Maggie Urry

THE ACQUISITION last September by Hillsdown Holdings of Anglia Canners from Associated British Foods was yesterday referred to the Monopolies and Mergers Commission. The MMC has until May 27 to report.

The Secretary of State for Trade and Industry can refer a merger up to six months after it goes through and can order it to be unravelled if it is found to have created a situation against the public interest. Meanwhile Hillsdown will continue to run the business which has been merged with its own canning subsidiary.

Hillsdown has already closed the vegetable canning activities of Anglia Canners because of overcapacity in the market. Hillsdown's canning operation was the largest in the UK before the deal.

Sir Harry Solomon, chairman, said it would be complicated to unravel the merger now. He said Anglia Canners had been losing money when acquired and had been rationalised.

The deal was worth £20.6m at the time, with the price paid in Hillsdown shares. The operation also makes ready meals and canned fruit, but these are not under investigation. The canned vegetable market is worth £300m-£400m a year, and Hillsdown is now thought to have about a third of it.

The Office of Fair Trading, which recommended the reference, appeared particularly concerned about canned garden peas, carrots and potatoes where it is estimated that the merged group has more than half the market. It was felt growers might suffer if there were too limited an outlet.

Much of the production of the merged business is for supermarkets' own-label canned vegetables, making it difficult to assess market shares.

Capital & Counties shares drop as assets fall

By Vanessa Houlder, Property Correspondent

SHARES IN Capital & Counties, the property subsidiary of TransAtlantic Holdings of South Africa, yesterday fell from 180p to 166p when it announced a 29 per cent fall in net assets during 1991. Increased interest costs dragged down pre-tax profits from £53m to £29m.

Its net assets per share of 283p (400p) at the end of December fell well short of the 312p forecast with its £102m rights issue last summer.

The steep decline stemmed from a lower-than-expected valuation of the Thurrock Lakeside shopping centre, which accounts for 34 per cent of the total portfolio. Lakeside was valued for the first time at £335m, some £40m less than expected.

Mr Brian Jolly, the newly-appointed managing director, said he was "a little surprised" at the valuation, which he ascribed to the weakness of the economy in the second half of last year and a lengthening of property yields.

Mr Donald Gordon, chairman, said the Thurrock valuation was not "a fair reflection of the real worth of this exceptional asset." He criticised the "open market" method of valuation.

The fall in pre-tax profits was the result of a swing in interest from an £8.2m credit to a £21.1m charge. This largely followed the company's "conservative" decision to stop capitalising interest on Lakeside four months early, adding an extra £15m to the interest bill.

CapCo struck a cautious note about this year's prospects, warning that the completion of its development programme and the termination of interest capitalisation was "inevitably and normally bound to cause a diminution of profit in the short term".

Operating profits increased by 12 per cent from £44.8m to £50.2m. The injection of £102m equity capital, together with £64m from property sales, kept gearing at 75 per cent at the year-end.

Earnings per share fell from 24.4p to 10.6p. The final dividend is 5p, making a total of 10p (13.2p), as foreshadowed with the rights issue.

Mr Jolly, formerly deputy managing director, took over as managing director a week ago from Mr Ray Moorman, who wished to take early retirement.

See Lex

Absent guest questions GWR

By Angus Foster

THE BIG showdown at Great Western Resources ended in a big let down.

Despite a string of anonymous faxes to newspapers warning of trouble at the company's annual meeting, the main character, Mr Daniel Pena, the flamboyant but ousted former chairman, failed to attend. Instead, he sent his proxy, a soft spoken lawyer from Richards Butler dressed in a blue suit.

Directors shifted uneasily in their seats as she listed Mr Pena's grievances and a raft of oblique allegations. Some current directors, she suggested, had bought shares at a "fortunate time." But shareholders seemed happier to head for some coffee after asking a couple of softball questions.

"At least no one threw anything at us", said Mr Bruce Patterson, a non-executive director.

Mr Pena is only one of the problems confronting Great Western Resources, the US-based but London-listed energy company. By its own admission it faces a "life or death" court action in the US.

Its main customer, a South Carolina utility, has accused it of involvement in fraud and price fixing and withheld payments. The company denies the charges strongly. An individual accused by the utility of involvement in the scheme died of gunshot wounds on February 2.

Its shares collapsed from 240p 18 months ago to 6p in early February. A heady rally since then, during which several directors bought shares, has been mirrored by a heavy fall. The share chart now looks like one of the company's own oil derricks.

Deflecting Mr Pena's allegations was Mr Howard Wolf, who replaced him as chairman with the tacit backing of the Kuwait Investment Office, the bemused owner of 32 per cent of the company.

Mr Wolf, a Texan lawyer, answered questions engagingly but refused to be photographed.

Meanwhile, Mr Pena is threatening his own broadside of writs, claiming dismissal payments and punitive damages.

Mr Green, a shareholder from Scotland, asked what the company's prospects looked like. After stumbling for an answer, Mr Wolf admitted that Mr Green's view was as valid as his own.

Banks give NHL 90 days' grace

By David Barchard

NATIONAL HOME Loans, the troubled mortgage lender and financial services group, has won a 90-day breathing space from its banks.

The group spent last week negotiating with four syndicates of banks about alterations to its borrowing arrangements. It is thought that the talks were needed to prevent NHL defaulting on a technicality on funding arrangements set up five years ago. This would have led to a set of cross-defaults affecting up to £900m of its funding.

To retrieve the situation, NHL was obliged to obtain waivers by last night from nearly 100 banks. During the week, Mr Jonathan Perry, the newly appointed chairman and chief executive, denied that NHL was seeking either a rescheduling or fresh funds from its banks.

Mr Perry declined to give further details of the negotiations. It was not clear whether or not NHL would face further funding problems at the end of the 90-day period.

Last July, a group of 10 banks agreed to put up a £200m cash life-boat for NHL after local authorities began pulling deposits out of its banking subsidiary, National Mortgage Bank, in the wake of the BCCI collapse.

Yesterday Mr Perry said that the group had achieved its first objective and he would now concentrate on putting NHL on a sound financial footing and managing the arrears in its £700m mortgage book.

Emap purchases MBC titles

By Raymond Snoddy

MOST OF the Maxwell Business Communications group, which includes titles such as Architect's Journal and Insurance Age, has been sold by Price Waterhouse, the administrator, in a deal believed to be worth about £32m.

Emap, the publishing and exhibitions group, yesterday agreed to buy all the MBC titles based in central London. Mr Brian Gilbert, MBC chairman until he resigned in November 1990 after disagreements with the late Mr Robert Maxwell, is buying 25 industrial titles based in Kent. They include Modern Power Systems, Office Equipment News and Laboratory World.

For Mr Gilbert it is a case of buying back a large part of what once was his. He built up United Trade Press and sold it to Mr Maxwell in 1987 for £34.8m. Mr Gilbert said yesterday that the businesses he was buying back from the administrator have a similar turnover to those he sold to Mr Maxwell.

Price Waterhouse yesterday declined to disclose the sale price but it is believed that Mr Gilbert's slice of the deal comes to about £10m.

The deals, due to be completed next week, secure the jobs of more than 400 staff on more than 40 MBC magazines and exhibitions. They also mean that Price Waterhouse has now disposed of the main UK businesses of Maxwell Communication Corporation.

For Emap, heavily weighted towards consumer magazines, the acquisition means a major strengthening of its business magazine division.

Mr Colin Morrison, chairman of Emap Business Publishing, said that the growth of consumer magazines had been an Emap success story. "This purchase opens the way for our business publishing division to emulate that achievement."

The Emap purchases include blocks of magazines devoted to the architecture and building, retail, media, fishing and financial fields.

Falling gold price leaves Cluff lower

By Kenneth Gooding, Mining Correspondent

CLUFF RESOURCES, the UK mining company with operations in Zimbabwe, blamed low gold prices for a 6 per cent fall in 1991 pre-tax profits to £2.35m.

Earnings per share fell to 1.65p (2.43p) but the board is proposing a same-again 1p dividend.

The results were also affected by Zimbabwe's temporary restriction on foreign currency in the first half because of the Gulf war. That delayed the purchase of essential equipment for the Freda Rebecca mine and as a consequence, total gold output in Zimbabwe fell from 74,675 troy ounces to 67,733 ounces – including 4,638 ounces (6,509 ounces) from the Royal Family mine.

Mr Algy Cluff, chairman, said Freda Rebecca produced at record levels in December.

Improved operation efficiencies helped reduce the average cost per ounce produced last year from £234 to £228.

Mr Cluff said the company was in the lower half of world gold production costs and, if the potential Ayanfuri mine in Ghana went into production – probably in mid-1993 – "we should be in the lowest quartile."

Gold reserves and resources at Freda Rebecca had been raised during the year by 13 per cent from those at the end of 1990 to 1.18m ounces, he reported.

Analysts described the results as creditable in the circumstances.

Amstrad buying 29.5% investment in Betacom

By Michiyo Nakamoto

AMSTRAD, the consumer electronics group, is taking a 29.5 per cent stake in Betacom, which designs and distributes telephones, as an investment.

Amstrad will acquire 26.5 per cent from Cannon Street Investments and 3 per cent from Mr Alan Sugar, its chairman. The price is 18p per share; Mr Sugar bought his stake last year for 21p.

Telecommunications is an area in which Amstrad is becoming increasingly interested and the investment provided benefits for both companies, particularly with respect to product innovation and marketing, Amstrad said.

It has already announced a joint project with GEC Marconi to develop reasonably priced video telephones for the consumer market.

The group did not, however, rule out the possibility that it may market Betacom's telephones "in some regions".

Betacom, which has marketing strength in Germany, could in turn sell Amstrad's fax machines.

"We look upon Amstrad as being a stronger holder of our shares (than Cannon Street Investments)," said Mr Roger Roland, Betacom chairman.

Adam jumps to £0.72m

By James Buxton, Scottish correspondent

ADAM & Co, the privately-owned Edinburgh-based bank which serves high net worth individuals, went against the trend of the big UK banks by producing record pre-tax profits of £722,000 in the six months to December 31 1991, compared with £221,000 last time.

The bank is to pay its first interim dividend amounting to 1 per cent.

Mr James Laurenson, the managing director, pointed out that 1990 had been depressed by a £236,000 loss on sterling futures. "Even if you add that £236,000 back in, the increase in net profit is still 58 per cent," he said.

The good result, he said, was because the bank Co was small and "thus in a good position to control all its activities."

Net interest income was £1.8m (£1.3m) and non-interest income from the bank's services was £1.86m (£1.5m), with non-interest income continuing to account for more than half operating income.

Chartered WestLB up over £5m to £21.2m

By David Barchard

CHARTERED WestLB, the London-based international merchant bank jointly owned by Standard Chartered and WestLB, made profits of £21.2m in 1991, up from £16m.

Mr Patrick Macdougall, chief executive, said that almost all activities had been profitable and the return on average capital employed had risen from 28 to 35.7 per cent. Assets advanced to £1.67bn (£1.24bn).

Developing country finance remained the largest contributor to profits. Turnover in Latin American debt rose by 70 per cent to £16bn (£9.1bn).

Chartered WestLB carries out a wide range of mergers and acquisitions advisory work in London, Germany, and eastern Europe. It is also preparing to launch a new securitisation product with SG Warburg, based on receivables including credit card debt.

A forfaiting operation launched in 1991 was in profit and had concluded over 200 individual purchases in the year, totalling more than $500m and involving exports to 26 countries.

Reconstruction planned for Govett Atlantic

Govett Atlantic Investment Trust yesterday unveiled plans for a reconstruction following pressure from shareholders to produce proposals to eliminate the discount to net assets at which the shares have been trading, writes Philip Coggan, Personal Finance Editor.

The plan is for the trust to be wound up and for the assets to be divided among two successor funds. Part will transferred into a limited life investment trust, to be called Govett American Smaller Companies Trust, but the majority will be transferred into one or more Govett-managed unit trusts, including a North American fund.

Unit trusts trade at asset value so by selling their units for cash, investors will be able to realise over 50 per cent of their holdings in Govett Atlantic at asset value.

Two investment groups, ST Partners and Buchanan Partners, recently requisitioned an extraordinary general meeting calling on the managers to produce reconstruction plans. Details of the proposals will be posted to shareholders by March 12.

Arcadian Intl achieves sharp reduction in losses

By Jane Fuller

ARCADIAN International, the property development company formed by Mr Robert Breare and Mr Jeremy Priestley, who built up Parkdale Holdings in the late 1980s, reduced its pre-tax loss from £2.29m to £592,000 in the six months to October 31.

Arcadian, which reversed into Westminster and Country Properties in 1990 and then raised £5.5m in a rights issue to buy Smithfield Developments, has been selling its commercial property portfolio and setting up leisure developments in France, Spain, Italy and the UK.

It is chaired by Sir Peter Parker, as was Parkdale.

Turnover fell to £2.41m (£8.4m) as a result of the disposals. The operating loss was £445,000.

Mr Breare said operating costs would be covered once it obtained equity partners and other funding for its projects, for which it receives management fees. The main one remaining to be financed was a resort near Euro Disney, outside Paris.

Net debt currently stood at £900,000, gearing of about 14 per cent. This followed a £2m convertible preference share issue.

Mr Breare said no account had been taken so far of the increased value of the sites.

Losses per share were 6.7p (16.8p).

BICC buys east German cables maker for £22m

By Jane Fuller

BICC, the cables and construction group, is buying one of the leading cable businesses in what used to be East Germany for DM63m (£22m).

KWO, which has four factories in the Berlin area, is being bought from the Treuhand, the government agency responsible for privatising former state-owned concerns. It makes power cables and metallic and optical telephone cables.

Last year KWO had turnover of DM310m and it lost DM32m pre-tax. That excluded "excess employee costs" of DM70m, which BICC said it was not assuming. BICC has agreed to a DM80m investment programme over the next two years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Capital & C'ties ....fin	5†	Apr 29	7.2	10	13.2
Cluff Resources ......fin	1†☆	July 1	1	1	1
Essex Furniture§ ......int	1.25	-	1	-	2.25
Merlin Int Green.......fin	1.65	Mar 31	2.75‡	3	4.25‡
Rights & Issues ....fin	5.8□	Mar 31	5.5	8	7.5
Rights & Issues ....fin	0.4■	Mar 31	0.375	8.1805	6.9375
Sinclair G'smith ....int	0.5	Apr 24	1	-	2
Stainless Metal§.......fin	nil	-	1	nil	1
Waterman Partner....int	0.5†	Apr 17	1	-	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Includes 1.25p special inaugural payment. □Income shares. ■Capital shares. ☆Scrip option.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
‡	F.P.	–	75	61	Capital Industries 1p	61		–	–	–	–
100	F.P.	–	104	99	Exeter Prfd. Capital	102		F0.6	–	0.8	–
–	F.P.	–	39	23	Fleming Japanese Wrrnts	36	+½	–	–	–	–
£10⅝	F.P.	–	£12	£10⅝	Latin Am Inc & Appr. 1c ...	£12		–	–	–	–
100	F.P.	–	99	97	Lloyds Smlr Co's Pckg Uts	98		–	–	4.8	–
38	F.P.	–	39	34	Do. Dividend	37		–	–	–	–
62	F.P.	–	62	57	Do Capital	60		–	–	–	–
–	F.P.	–	11	¼	Multitrust Warrants ...	11		–	–	–	–
–	F.P.	–	104	102	Riv & Mrc Tst Inc12 1/2p .	103		N9.2	–	11.9	–
–	F.P.	–	122½	117	Do Stpd Prf 12 1/2p ...	122½		N5.6	–	6.1	–
–	F.P.	–	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101½p	101p	Bank of Ireland Units Non-Cum Prf A	101p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Cambourne Inds. 10½pc Rd. Deb. 2001	105½	
34.71	F.P.	-	35¼	35½	Exeter Prfd. Capital Zero Deb. 2002	35½	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	105	-5
310p	F.P.	-	459p	434p	Inchcape Non-Int. Bearing Cv Un Ln	459p	+11
100p	F.P.	-	105¼p	99¼p	NatWest Bank 9pc Prf Series A	102p	
‡	F.P.	-	75p	68p	Wembley 6p (Net) Cnv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
205	Nil	30/3	38pm	18½pm	BTP 10p	20pm	+1
105	Nil	3/4	12pm	1¼pm	Bromsgrove Inds.	1¼pm	-½
415	Nil	20/3	80pm	50pm	ECC	60pm	-6
115	Nil	12/3	16pm	12pm	Pencair 2p	16pm	
58	Nil	30/3	12½pm	9½pm	Senior Engineering 10p	11pm	
350	Nil	5/3	54pm	47pm	Watmoughs	49pm	+2
30	Nil	11/3	4½pm	2½pm	Wembley 5p	4pm	
4	Nil	–	¼pm	¼pm	West Trust	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 17
- Last Dealings Feb. 28
- Last Declarations May 28
- For settlement June 8

3-month call rate indications are shown on page 9.

Calls in Albert Fisher, Berisford Intl., Costain, Cannon Street Invs., Next, Ossory Ests., Owners Abroad, P & O Defd., Proteus Intl. and Tarmac. Puts and calls in Albert Fisher and Sirdar.

NEWS DIGEST

Newall buys bigger stake in Lionheart

THE NEWELL Company of the US, the world's largest paint brush maker, has paid £5.95m to buy the Hillsdown Group out of Lionheart, the restructured UK home improvement, housewares and DIY company, writes Ian Hamilton Fazey.

Newell, which paid £2.5m for a 5 per cent stake last November, is now Lionheart's largest shareholder with 13.5 per cent and has taken a seat on the board to advise on strategy.

The Knutsford-based Lionheart was formed from the rescue of Spong by Hillsdown, ECI and Scimitar in 1989, when Hillsdown paid £3.4m for an 8.7 per cent stake. Mr Paul Lever was recruited as chairman from Crown Paints, where he was chief executive.

Mr Lever said yesterday losses had been turned round and the company would be returning to the dividend list next month.

Craton Lodge

Craton Lodge & Knight Group incurred a loss of £431,000 in the year ended September 30 1991, against £235,000 previously.

The screen printing business sold recently contributed £547,000 of loss, while the remaining businesses achieved a profit before interest and central costs of £301,000.

The USM-quoted group, which is changing its name to Princedale Group, now comprises product development consultancies, a design agency and sales promotion consultancy. Turnover rose to £15.3m (£3.65m). Losses were 0.11p (0.2p). There was an extraordinary deficit of £1.05m on disposal of the print business.

Stainless Metalcraft

Losses deepened at Stainless Metalcraft, the USM-quoted medical and engineering group, from £141,000 to £256,000 pre-tax in the year to August 31 1991.

The company said that the anticipated pick-up in sales in the off-shore and petrochemical sector did not materialise because of the post-Gulf war deferral of clients' capital spending.

However, turnover grew to £9.8m (£8.1m). Losses emerged at 3.3p (2.2p). The dividend for the year is being passed (1p).

The company said "a significant return to profitability both after six months and, in the absence of unforeseen circumstances, in the full year" was anticipated.

Sinclair Goldsmith

Losses at Sinclair Goldsmith Holdings, the London-based surveyor and estate agency, deepened by £291,000 to £589,000 pre-tax for the six months ended November 30.

However, the company said it was now experiencing "more activity than there has been for some time" and added that there was "every indication that we will make a modest profit in the second half."

Turnover totalled £1.07m (£1.92m). Losses amounted to 4.8p (2p) and the interim dividend is halved to 0.5p.

Bunzl

Bunzl is selling its 51 per cent interest in the US and Swiss paper and pulp trading operations to Mr George Edwards, their president and minority shareholder.

In 1991 the companies – Intercontinental Cellulose Sales of New York and ICS Intercontinental Cellulose

Anthony Habgood: disposal will boost margins

Sales of Berne – produced sales of $186m but a loss of $888,000 pre-tax.

Mr Anthony Habgood, chief executive of Bunzl, said ICS had always been a low-margin business and did not fit with Bunzl's core activities.

The disposal follows the sale of the loss-making West Coast food distribution centres in the US, announced in January.

Century Inns

In a deal thought to be worth about £10m, Century Inns has bought a further 56 public houses from Bass.

This has extended the geographical reach of the north-east-based group to Lincolnshire, and increased the number of its pubs to 241.

London Securities

Losses at London Securities, the main asset of which is the 18-hole Mill Ride Golf Club at Ascot, Berkshire, widened from £3.4m to £5.27m pre-tax for the six months ended September 30.

The loss included exceptional provisions amounting to £1.71m (£1m) which mainly reflected a further write-down of unquoted investments. Losses per share totalled 16.2p (5.9p).

To coincide with the end of season of the golf course the company's year-end is being switched to September 30 and the current accounting period will run for 18 months.

Courtyard Leisure

Courtyard Leisure, the USM-quoted restaurant and wine bar operator, has been notified by TW Consultants that, together with other shareholders "deemed to be associates and acting in concert", it had a beneficial interest in 27.54 per cent of the issued ordinary capital.

Courtyard directors are investigating this interest, including the nature of the associates and concert party relationships, and are seeking to clarify the intentions of TW Consultants.

Fleming Emerging

Fleming Emerging Markets Investment Trust had a net asset value per share of 100.4p at December 31, compared with 97.1p at its launch last July.

Net revenue for the half year amounted to £492,244 for earnings per share of 0.82p. The directors intend to pay a final dividend in November.

Seet

Seet, the textiles and retailing group, reduced its losses from £637,000 to £455,000 pre-tax in the six months to October 31. UK losses were cut to £368,000 (£652,000), but Homemaker Shops, the US chain of bed-and bath-linen shops in which Seet bought a 46 per cent stake in 1988, incurred losses of £87,000 (profits £15,000).

Turnover edged ahead to £3.27m (£3.16m) and losses per share emerged at 10.5p (16.3p).

Essex Furniture

Despite the recessionary climate, USM-quoted Essex Furniture achieved a 17 per cent advance in pre-tax profit for the half-year ended December 31 1991.

The profit was up from £320,000 to £375,000, on turnover nearly 48 per cent higher at £3.23m. Earnings came to 2.63p (2.32p) and the interim dividend is raised to 1.25p (1p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 28.2.92: Pool purchase price £/MWh	Final Prices for Trading on 1.2.92: Pool purchase price £/MWh	Final Prices for Trading on 1.2.92: Pool selling price £/MWh
00:30	17.06	17.16	17.16
01:00	17.40	17.47	19.62
01:30	18.03	21.32	23.80
02:00	18.03	21.32	23.56
02:30	17.40	17.46	19.84
03:00	17.40	17.21	19.35
03:30	17.40	17.16	17.16
04:00	17.40	17.15	17.15
04:30	17.04	17.13	17.13
05:00	17.02	17.09	17.09
05:30	17.01	17.12	17.12
06:00	17.01	17.10	17.10
06:30	17.01	17.10	17.10
07:00	17.01	17.12	17.12
07:30	17.01	17.12	17.12
08:00	17.01	17.12	17.12
08:30	17.40	17.16	17.16
09:00	17.40	17.18	19.33
09:30	17.40	20.14	22.38
10:00	17.40	20.14	22.38
10:30	17.40	20.93	23.20
11:00	17.40	20.93	23.20
11:30	17.40	20.14	22.38
12:00	17.40	20.04	22.29
12:30	17.40	19.63	21.86
13:00	17.40	18.62	21.01
13:30	17.40	17.16	19.30
14:00	17.02	17.14	19.28
14:30	17.01	17.13	17.13
15:00	17.01	17.12	17.12
15:30	17.01	17.12	17.12
16:00	17.01	17.12	17.12
16:30	17.02	17.14	17.14
17:00	17.40	19.70	21.91
17:30	19.61	26.87	29.27
18:00	19.61	26.87	29.28
18:30	19.61	26.87	29.24
19:00	19.67	24.80	27.20
19:30	19.67	22.10	24.35
20:00	19.61	20.36	22.56
20:30	17.40	19.35	21.54
21:00	17.40	17.16	19.32
21:30	17.40	17.14	19.28
22:00	17.40	17.13	17.13
22:30	17.01	17.12	17.12
23:00	17.01	17.06	17.06
23:30	17.01	17.04	17.04
24:00	17.01	17.04	17.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TOMORROW: Deadline for all 108 negotiating parties to submit their offers for Gatt tariff cuts. International agriculture show opens in Paris.

MONDAY: London sterling certificates of deposit (January). Monetary statistics (including bank and building society balance sheets (January). Bill turnover statistics (January). Sterling commercial paper (January). US personal income (January); construction expenditures (January); merchandise trade, balance of paytments (fourth quarter 1991). Start of two-day meeting of the European Community general affairs council in Brussels. European Community — Gulf Co-operation Council joint energy and environment groups meet in Brussels. European Community agriculture council meets in Brussels. Taiwan's National Assembly will debate and pass democratic reforms at an extraordinary session.

TUESDAY: UK official reserves (February). US leading indicators (January); new home sales (January). Paris Club discusses debt in the Ukraine. Georgia presidential primary. Mr George Bush, US president, versus Mr Pat Buchanan on the Republican side and top five Democrats.

WEDNESDAY: Overseas travel and tourism (December). Advance energy statistics (January). Details of employment, unemployment, earnings, prices and other indicators. Financial Times holds conference "Establishing a presence in Japan" in London. Official start of Italian election campaign. Hong Kong budget.

THURSDAY: Cyclical indicators for the UK economy (January — second estimate). Start of two-day Baltic conference on formation of a Baltic Co-operation Council for economic, trade, cultural, communications co-operation round Baltic Sea. Foreign ministers from all 10 participating nations expected to attend. French political party leaders hold main television debate ahead of March 22 regional elections. Woolwich Building Society results.

FRIDAY: Housing starts and completions (January). United Kingdom balance of payments (fourth quarter).

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday February 28 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Feb 27 Index No.	Wed Feb 26 Index No.	Tue Feb 25 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	795.89	.....	8.31	6.00	15.37	1.41	795.86	798.85	795.14	848.11	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	976.31	-0.2	7.13	6.37	18.91	0.44	978.15	985.75	981.29	1154.94	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (28)	893.94	-0.3	8.91	8.16	16.19	1.32	896.53	892.44	887.23	1374.77	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (7)	2442.31	.....	10.11	6.14	12.44	1.47	2441.27	2446.03	2438.73	2337.32	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (26)	1858.34	.....	9.86	4.61	12.86	1.86	1857.95	1846.22	1820.80	1771.71	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	333.15	+0.6	12.28	7.80	9.90	5.78	331.01	328.02	327.57	444.04	469.23 9 /4 /91	313.50 14/2 /92	502.42 13/6 /90	313.50 14/2 /92
7	Engineering-General (43)	493.90	+0.1	9.38	4.78	13.16	1.21	493.59	490.69	490.82	428.58	503.16 2 /10/91	339.57 23/1 /91	506.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (10)	321.97	-1.2	2.15	10.74	-	0.00	325.93	328.00	326.39	475.12	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	313.45	-0.1	8.11	7.55	16.40	0.00	313.76	314.91	316.45	343.78	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1590.84	+0.2	7.71	5.17	15.39	0.69	1587.34	1609.99	1602.57	1482.54	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (188)	1686.14	+0.3	7.12	3.31	17.19	4.74	1681.55	1678.70	1668.96	1352.07	1686.14 28/2 /92	1188.45 16/1 /91	1686.14 28/2 /92	61.41 13/12/74
22	Brewers and Distillers (23)	2126.72	.....	7.55	3.33	15.96	7.92	2127.60	2117.29	2117.13	1701.11	2127.60 27/2 /92	1478.24 25/1 /91	2127.60 27/2 /92	69.47 13/12/74
25	Food Manufacturing (18)	1271.40	+0.3	8.49	4.03	14.53	2.11	1267.24	1267.60	1265.80	1130.08	1280.89 24/2 /92	1013.60 16/1 /91	1280.89 24/2 /92	59.67 11/12/74
26	Food Retailing (17)	2685.08	-0.3	8.22	3.09	15.81	4.06	2692.05	2670.63	2617.42	2489.90	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (24)	4367.19	+0.7	6.23	2.38	18.20	15.12	4338.32	4382.05	4363.25	2901.94	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (23)	1306.95	-0.3	7.12	5.16	17.51	8.54	1311.17	1304.06	1299.25	1314.53	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (24)	1564.54	+0.3	6.25	3.49	20.14	2.97	1560.20	1550.44	1542.18	1344.96	1565.67 20/9 /91	1166.91 16/1 /91	1565.67 20/9 /91	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	760.02	+0.5	6.96	4.37	17.41	0.22	756.01	752.99	751.95	599.67	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34	Stores (32)	1082.38	+0.4	6.82	3.34	19.43	1.91	1077.69	1066.52	1053.28	870.04	1082.38 28/2 /92	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	659.00	+0.8	6.96	4.72	18.33	0.53	653.63	638.54	635.51	467.13	659.00 28/2 /92	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1238.16	-0.1	9.77	5.35	12.90	6.41	1239.54	1237.42	1228.23	1150.39	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41	Business Services (16)	1404.36	+0.5	7.15	4.67	17.77	0.27	1397.84	1392.18	1393.65	1070.14	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42	Chemicals (21)	1511.20	+0.4	6.96	4.85	17.57	0.59	1505.48	1519.07	1515.35	1228.88	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (11)	1341.36	-0.2	10.64	7.54	11.48	3.18	1344.72	1337.92	1334.84	1526.80	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2411.16	-0.6	5.26	4.70	25.09	2.46	2425.45	2435.20	2415.92	2162.53	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1239.04	+0.2	14.64	6.00	8.89	17.21	1236.63	1218.77	1198.24	1125.00	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46	Telephone Networks (4)	1421.90	+0.1	11.04	4.41	11.83	16.02	1420.54	1412.39	1400.53	1294.21	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47	Water (10)	2488.22	.....	17.14	6.39	6.43	0.00	2488.12	2462.79	2419.41	2441.45	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48	Miscellaneous (24)	1812.53	-1.2	5.65	5.39	24.16	1.18	1834.30	1852.85	1843.83	1810.66	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1319.04	+0.1	8.14	4.41	15.31	4.43	1317.63	1316.65	1308.62	1170.43	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51	Oil & Gas (18)	2045.78	-0.5	9.35	6.94	14.09	36.07	2055.86	2045.81	2015.81	2346.22	2509.42 23/7 /91	1998.01 20/2 /92	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1387.97	.....	8.27	4.67	15.17	6.70	1387.34	1385.72	1376.04	1269.40	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61	FINANCIAL GROUP (87)	723.18	.....	-	6.29	-	2.61	723.54	728.51	727.86	802.00	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	904.95	+0.2	4.09	5.93	58.09	6.20	903.24	906.22	907.83	876.45	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65	Insurance (Life) (6)	1452.12	-0.7	-	5.88	-	0.00	1462.90	1454.16	1429.81	1456.89	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	463.89	-0.4	-	8.23	-	0.00	465.83	491.05	484.91	696.36	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	969.19	+0.2	7.98	6.89	16.49	2.37	967.64	970.95	965.23	1062.50	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	473.33	+0.7	-	4.53	-	0.00	470.25	464.14	479.68	403.86	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69	Property (33)	734.79	-0.1	7.83	6.17	17.49	0.93	735.80	733.19	738.41	1027.76	1087.65 15/3 /91	733.19 26/2 /92	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (14)	247.12	-0.1	8.05	7.06	16.40	0.89	247.47	246.47	246.11	276.10	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1193.03	+0.2	-	3.70	-	4.11	1191.05	1183.93	1177.88	1146.33	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (654)	1229.84	.....	-	4.83	-	5.72	1229.38	1228.94	1221.30	1154.48	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 27	Feb 26	Feb 25	Feb 24	Feb 21	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♣	2562.1	+0.1	2565.1	2551.6	2562.0	2565.0	2546.8	2559.7	2542.3	2386.9	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Feb 28	Day's change %	Thu Feb 27	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.78	+0.05	122.72	2.13	1.65
2	5-15 years (26)	137.21	-0.17	137.44	1.89	2.94
3	Over 15 years (9)	148.84	-0.28	149.26	2.82	0.88
4	Irredeemables (6)	164.57	-0.29	165.04	2.54	1.14
5	All stocks (67)	135.24	-0.11	135.39	2.11	2.31
	Index-Linked					
6	Up to 5 years (2)	170.12	+0.04	170.05	0.16	1.37
7	Over 5 years (9)	149.48	-0.11	149.65	0.66	0.90
8	All stocks (11)	151.18	-0.09	151.32	0.59	0.95
9	Debs & Loans (62)	118.37	+0.02	118.34	2.04	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 28	Thu Feb 27	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	8.58	8.53	9.38	10.14 16/1 /91	8.42 12/11/91
2	Coupons	15 years	9.12	9.08	9.77	10.24 2 /1 /91	9.08 27/2 /92
3	(0%-7¾%)	20 years	9.12	9.08	9.92	10.26 2 /1 /91	9.08 27/2 /92
4	Medium	5 years	9.36	9.34	10.29	11.15 2 /1 /91	9.34 27/2 /92
5	Coupons	15 years	9.19	9.14	10.12	10.62 2 /1 /91	9.14 27/2 /92
6	(8%-10¾%)	20 years	9.15	9.11	10.04	10.50 2 /1 /91	9.11 27/2 /92
7	High	5 years	9.59	9.57	10.44	11.25 2 /1 /91	9.57 27/2 /92
8	Coupons	15 years	9.28	9.23	10.28	10.80 2 /1 /91	9.23 27/2 /92
9	(11%-)	20 years	9.22	9.17	10.17	10.67 2 /1 /91	9.17 27/2 /92
10	Irredeemables	†	9.31	9.28	10.03	10.46 2 /1 /91	9.28 27/2 /92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.57	3.56	3.72	4.48 15/7 /91	3.56 27/2 /92
12	Inflation rate 5%	Over 5 yrs.	4.29	4.28	4.16	4.45 31/12/91	4.09 18/2 /91
13	Inflation rate 10%	Up to 5 yrs.	2.90	2.88	2.29	3.60 9 /7 /91	2.13 21/2 /91
14	Inflation rate 10%	Over 5 yrs.	4.11	4.09	3.97	4.27 31/12/91	3.90 12/4 /91
15	Debs &	5 years	10.79	10.85	11.98	12.63 9 /1 /91	10.77 12/2 /92
16	Loans	15 years	10.60	10.61	11.64	12.38 18/1 /91	10.59 12/2 /92
17		25 years	10.45	10.44	11.40	12.16 18/1 /91	10.44 27/2 /92

♣Opening index 2564.0; 9 am 2558.3; 10 am 2554.6; 11 am 2560.6; Noon 2559.3; 1 pm 2559.6; 2 pm 2561.3; 2.30 pm 2563.9; 3 pm 2564.8; 4.10 pm 2563.0; (a) 2.39pm (b) 9.16am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*642)	600	56	66½	85	7	21½	27½
	650	25	39½	58½	25½	44½	49½
	700	8	22	37½	59	77	82
ASDA (*41)	34	8	-	-	1¼	-	-
	40	-	6	8	-	3¼	5½
	43	3	-	-	4½	-	-
Brit. Airways (*270)	240	36½	41½	48	2¼	9	12
	260	22½	29½	36	7¼	14½	20½
	280	10¼	17	26	16½	25½	30½
SmKl Beecham A (*918)	850	80½	106	130	7½	19	28½
	900	44½	73½	98	20½	34½	45½
	950	22	48½	73½	48½	58½	68½
Boots (*478)	460	29	38	51	6½	13½	16½
	500	8	17½	30	29½	33½	35½
B.P. (*266)	260	15	21	25	5¼	11	14
	300	1	5½	9½	34	36	38
British Steel (*72)	70	4½	7¼	9¼	2	4¼	7
	80	1¼	3¼	5	9	10	12
Bass (*580)	550	41½	53½	63½	8	14½	20
	600	13½	24½	40	30½	37½	43½
C & Wire (*603)	600	27½	42½	57½	17½	30½	35½
	650	8½	21½	-	47½	58½	-
Courtaulds (*538)	500	2	10	15½	56½	58½	61½
	550	½	-	-	106	-	-
Com. Union (*459)	420	38½	46½	50	5½	10	16½
	460	10½	24	30½	24½	28½	35½
Fisons (*386)	360	34½	46	60½	9	17	22
	390	15¼	34½	46	22	30½	35
GKN (*335)	330	11½	25	27	19	22½	29
	360	3	9	14	41	43	47
Grand Met. (*926)	900	50½	80	96½	15½	26½	35½
	950	24½	52½	70½	38½	48½	58½
ICI (*1293)	1250	50	86½	108	33½	46½	64½
	1300	25	62½	81½	63½	73½	90
Kingfisher (*556)	550	24½	34½	45½	15½	27½	32½
	600	6	14½	-	47½	57½	-
Ladbroke (*233)	230	12	-	-	11½	-	-
	240	-	14½	20½	-	21½	26
Land Securs (*440)	420	28½	34½	38½	3¼	13½	17½
	460	8	12	18½	22	37½	40½
M & S (*322)	300	27	34	41½	3½	8	11½
	330	8¼	14½	24½	14½	21½	25½
Sainsbury (*392)	360	35	41½	52½	2½	6½	9
	390	15½	23½	33½	10½	17½	21
Shell Trans (*449)	420	38½	52½	58½	3½	6	10½
	460	11½	25	33	18½	22	28
Storehouse (*107)	100	11½	14½	16½	2½	5½	7½
	110	6	9	11½	6½	10½	12½
Trafalgar (*134)	130	12½	16½	22½	6½	11	14½
	140	8½	11½	16	10½	16½	20
Utd Biscuits (*427)	390	41½	47½	56½	4	8½	12
	420	17	27½	39	14	19	22
Unilever (*941)	900	53½	72½	93	12½	23½	29
	950	23	45	69	38½	45	49½
Ultramar (*233)	220	17	-	-	-	-	-
	240	6½	-	-	22½	-	-

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*315)	300	35	47½	47½	15½	22	30½
	330	20½	29	-	31½	38½	-
BAA (*580)	550	50½	60½	73½	10½	18½	23½
	600	22½	32½	48½	32½	40½	47½
BAT Inds (*635)	600	50½	57½	64	13	23½	33½
	650	21	31½	42½	36	48½	58
BTR (*397)	390	19	28	36	15	17½	24
	420	7¼	15½	22	35½	36½	40½
Brit. Telecom (*335)	330	20	27	32	8½	13¼	17
	360	7	13½	18½	27	31	33½
Cadbury Sch (*476)	460	31	45½	56½	18	25½	30½
	500	14	27	37½	42½	46½	50½
Eastern Elec (*256)	250	18½	-	-	8½	-	-
	260	-	17	21½	-	20	22½
Guinness (*590)	550	50½	67½	78½	7½	11½	15½
	600	19½	37½	50½	25½	32½	34½
GEC (*215)	200	21½	24	26	2½	6¼	7¼
	220	8	12	15	10	15	16¼
Hanson (*219)	200	24¼	27½	30	2½	4½	6¼
	220	10½	14½	18	8¼	11½	14
LASMO (*203)	200	14½	20	27½	15½	19	22
	220	7½	12	19	29	32	33
Lucas Inds (*117)	110	11½	14½	18½	4¼	7	4½
	120	6½	10	12½	9½	11½	14½
P & O (*366)	390	13½	21	26	49½	53½	60½
	420	7	12½	17½	73½	76½	81½
Pilkington (*130)	130	10	11½	15½	8	13½	15½
	140	6½	8	11½	13½	19	22
Prudential (*242)	240	12	18½	21½	13	14½	19½
	260	4¼	10	-	26½	27½	-
RTZ (*552)	550	22	37½	47½	27	33½	40
	600	7	-	-	63½	-	-
Scot. & New (*452)	420	45½	53½	59½	6	11½	14½
	460	21½	29	37½	19½	28½	31½
Tesco (*271)	260	18½	25	31	7	10½	12½
	280	7½	14	20½	17½	19½	21½
Thames Water (*382)	360	37½	42½	47½	8	15½	18½
	390	18½	24½	32	19	29½	32
Vodafone (*364)	360	25½	32½	42½	13	18½	22½
	390	11	19	-	29½	35½	-

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*302)	300	6	15½	21	9	13½	18½
	330	½	5½	-	36	36	-
Amstrad (*30)	30	2¼	4½	6½	2¼	4¼	5½
	35	¼	3¼	5	5¼	8	8¼
Barclays (*361)	360	7½	17	24	15¼	23	29
	390	1¼	8	12½	42½	45½	47½
Blue Circle (*262)	260	9½	16½	22	6	17½	21
	280	3	10½	14½	17½	29	32
British Gas (*255)	240	17	21	26	1½	7	8
	260	3¼	10½	15½	8	15¼	17
Dixons (*239)	220	20	30½	33½	1¼	6	10½
	240	7	19	22½	7½	14	19
Eurotunnel (*457)	420	48	62½	73	4	15½	26
	460	18½	45	54	15½	35	41½
Glaxo (*768)	750	47½	87½	109	7½	28	41½
	800	17½	58½	81	28½	50½	63½
Hillsdown (*152)	140	15	24½	25½	2¼	6½	8½
	160	3½	9½	11½	9	17	18
Lonrho (*117)	110	10½	19	22	4	8½	11½
	120	6	13½	16½	8	13½	17
Midland Bk (*267)	260	11½	26	32	7	13½	21
	280	4¼	17	-	18	25	-
National Power (*226)	215	12½	22½	26½	2¼	6½	10½
	235	1½	12	15	11½	14	19½
Reuters (*1172)	1150	43½	85	113	16½	48	58
	1200	16½	60	87	43½	73	83
R Royce (*140)	140	3¼	7¼	11	7	12	13
	160	½	2¼	4¼	26	26	28
Scottish Power (*103)	100	4½	10	10	1½	4½	8
	110	¼	5	6	7½	9	14
Sears (*103)	100	5	8	10	2¼	7½	9½
	110	1½	4¼	6	8½	12½	13½
Forte (*228)	220	10	15½	19½	2½	10	13
	240	2¼	7	12	14	22½	25
Thorn EMI (*809)	800	21½	51	57	9	21½	35½
	850	3½	25½	32½	42	47½	63½
TSB (*132)	130	4¼	11½	14½	2¼	6½	9
	140	½	6¼	8½	8	12½	15½
Vaal Reefs (*59)	50	9	12½	12½	½	2	2¼
	60	1¼	5½	7	2¼	5¼	6½
Wellcome (*1127)	1100	49	103	140	19½	55	68
	1150	24	76	113	45	75	92

EURO FT-SE INDEX (*2563)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Feb	181	131	81½	31½	½	½	½	½
Mar	202	156	114	78	47½	25	11½	5
Apr	-	187	-	113	-	56½	-	25½
Jun	-	225	-	155	-	98	-	58½
Sep	-	267	-	200	-	145	-	98
Dec	-	297	-	237	-	180	-	132
PUTS								
Feb	½	½	½	½	18½	68½	118	168
Mar	6	10	16½	28½	48	76½	111	152
Apr	-	26½	-	51½	-	95½	-	159
Jun	-	45	-	74½	-	112	-	170
Sep	-	60	-	85	-	120	-	168
Dec	-	70	-	100	-	135	-	180

FT-SE EUROTRACK 100 INDEX (*1170)

	1025	1050	1075	1100	1125	1150	1175	1200
CALLS								
Mar	-	100	75	53	33	20½	6½	2
Jun	-	150	130	105	87½	-	-	-
PUTS								
Mar	-	4	5	6½	10	18½	31	56½
Jun	8½	10½	14	19½	-	-	-	-

FT-SE INDEX (*2563)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Feb	206	156	106	56½	6½	½	½	½
Mar	232	183	139	98½	63	35½	18	7½
Apr	256	212	173	134	99½	71½	49½	32½
May	274	233	194	159	126	97	74½	53
Jun	-	248	-	174	-	115	-	70½
Dec †	-	327	-	257	-	197	-	145
PUTS								
Feb	½	½	½	½	½	43½	93½	143
Mar	5	8	14	23	38½	63½	98½	140
Apr	18	24	34	46	64½	88	119	155
May	27	35	45	59	78½	101	132	164
Jun	-	42½	-	68½	-	111	-	174
Dec †	-	75	-	110	-	155	-	205

February 28 Total Contracts 25,521
Calls 13,747 Puts 11,774
FT-SE Index Calls 4,718 Puts 3,667
Euro FT-SE Calls 500 Puts 2,249
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price † Long dated expiry mths
Premiums shown are based on middle prices

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	■ MINES	
Bowater	55	Glaxo	70	Racal Elect	4½	■ PROPERTY		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

INTERNATIONAL COMPANIES AND FINANCE

Buoyant UBS unveils capital restructuring

By Ian Rodger in Zurich

UNION Bank of Switzerland (UBS) has reported consolidated net income of SFr1.2bn ($857.1m) for 1991, a 35.6 per cent gain on the depressed result of the previous year.

The bank, Switzerland's largest and strongest, also unveiled a capital restructuring, consisting of splits of its registered and bearer shares and a forced conversion of its participation certificates into bearer shares.

Shareholders are being offered unchanged dividends plus bonus warrants on terms to be set later.

Mr Robert Studer, president of the executive board, said the "very satisfactory" results were attributable mainly to the improvement in UBS operations outside Switzerland. These contribute about a quarter of the group's profits.

Net interest income jumped 23.3 per cent to SFr3.3bn, thanks largely to the sharp decline in dollar interest rates, while profit from trading in securities and foreign exchange markets soared 44.3 per cent to SFr1.3bn. Net income from fund management and other services rose 19.6 per cent to SFr2.7bn.

Cash flow reached SFr3.4bn compared with SFr2.5bn. Depreciation and provisions were up 29.6 per cent to SFr1.7bn. Consolidated total assets stood at SFr249.3bn at the end of 1991, only 6.5 per cent higher than a year earlier, and 2 per cent came from the appreciation of most currencies against the Swiss franc.

Capital and reserves, including the 1991 net profit, rose 3.8 per cent to SFr18.4bn at the year end. Mr Studer emphasised the strength of UBS's balance sheet, perhaps seeking to ease fears it too might face scrutiny from a credit rating agency. Last month, Moody's removed its triple A rating from long term bonds of Crédit Suisse, Switzerland's third largest bank, and put those of Swiss Bank Corporation, the second largest, on its watch list.

Mr Studer listed the group's SFr30.5bn in capital, reserves, margin for subordinated bond issues and accumulated provisions, and concluded: "Even if we take into account that a part of the provisions will have to be utilised in the future for writing off loan losses and for latent taxes, we may with good conscience consider our capital and reserves as being very strong."

● UBS is the first of many Swiss companies expected to split their shares following changes in the Swiss companies law which comes into effect July 1.

Robert Studer: results were very satisfactory

Mr Ulrich Grete, executive vice-president, said the main purpose of this was to bring the price of the shares down to levels that made it easier for individuals to buy and sell them.

UBS will split both the SFr100 par value registered shares and the SFr500 bearer shares five for one.

Holders of UBS participation certificates (PCs) have been entitled to exchange them into bearer shares at the rate of one share for every 25 PCs since 1990.

Mr Grete said the remaining 462,000 PCs would be invalidated as of yesterday and trading in them would halt on March 27. However, UBS would continue to buy any offered after that date and exchange them in packets of 25 for bearer shares.

JAL sees Y8bn loss as sales decline

By Steven Butler in Tokyo

JAPAN Airlines (JAL), Japan's leading international carrier, said yesterday it expected to post a pre-tax loss of Y8bn ($61.7m) in the year to end-March owing to a fall in business travel.

The forecast compares with pre-tax profits of Y24.8bn last year, and a forecast issued in October of Y14bn.

JAL, in common with most international carriers, has had difficulties keeping its flights full, but has been unable to cut significantly its high, fixed running costs. A revival in international travel following the Gulf war has not materialised on the scale expected, and the company said a cost-cutting programme would not be enough to offset the decline in sales.

JAL said that as a result of the global recession, international passenger revenue is expected to drop by 4.6 per cent from last year's total of Y573.2bn. Total sales for the company are expected to decline from Y1,118.9bn to Y1,112bn.

International cargo traffic has also dropped as a result of slow business conditions, with sales expected to decline by Y11.2bn, or 7.2 per cent.

After-tax profits are expected to fall from Y13.71bn a year ago to a loss of Y4bn. A 5 yen per share dividend will none the less be declared.

Saab-Scania profits tumble to SKr1.69bn

By Robert Taylor in Stockholm

SAAB-SCANIA, the Swedish vehicle and aerospace group, suffered a 22 per cent fall in profits (after financial items) to SKr1.69bn ($286m) last year. This compares with profits of SKr2.2bn in 1990.

The group said yesterday it lost SKr1.12bn from its half share in Saab Auto which it owns jointly with General Motors of the US.

But Mr Lars Kylberg, president and chief executive officer, said the group's operating units had performed well last year, despite the continuing recession. Consolidated operating income after depreciation amounted to SKr1.8bn, only 12 per cent less than in 1990, while consolidated sales rose slightly to SKr29.3bn from SKr29.0bn.

In his forecast for 1992 Mr Kylberg said he hoped the company would achieve a better result. "Despite lower income due to tougher price competition, an increased proportion of deliveries to lower margin markets outside Europe and considerably lower income in South America, Scania's profit of SKr2.2bn stands up well in comparison with other producers," he said.

There was also an improvement in Saab Aircraft's profit (after financial items) to SKr200m, from SKr111m in the previous year. It has started a SKr153m rationalisation programme to reduce costs and it is to be divided into two parts: one, military aircraft, the other, commercial with the aim of achieving greater efficiency and market impact.

Lars Kylberg: hoping for a better result

● Investor, Sweden's largest investment company which owns 100 per cent of Saab-Scania, yesterday reported profits (after financial items) of SKr1.02bn.

Investor was formed by the merger last November of Investor and Providentia, the two investment companies that formed the core of the Wallenberg family industrial empire.

With total assets of SKr79.42bn and a share portfolio valued at SKr21.33bn, it proposed a 22 per cent increase in its dividend to SKr5.25 a share.

Ferruzzi and Unilever in Hungarian venture

By Guy de Jonquières in London and Nicholas Denton in Budapest

FERRUZZI, the Italian agribusiness group, and Unilever, the Anglo-Dutch food and consumer products manufacturer, are to co-operate in taking over a Hungarian company which is eastern Europe's largest oilseed producer.

Though no financial details of the deal were published, it is believed to be worth about $100m.

That would make it by far the largest foreign acquisition in Hungary's food and consumer goods industries, which have been the main target of western investment in the country recently.

In a two-stage transaction, Cereol Holding, a Ferruzzi subsidiary, will acquire almost 90 per cent of the state-owned Növényolajipari és Mososzergyárto Váallalat (NMV), which has 3,000 employees and had sales last year of $290m.

Cereol will keep NMV's oilseed business and will set up a joint venture with Unilever to take over the Hungarian company's margarine, soaps and detergents activities.

The joint venture will be owned 80 per cent by Unilever, which will manage it, and 20 per cent by Cereol.

According to privatisation agency officials in Budapest, the Hungarian government was keen to promote competition by separating the two sides of NMV's operations, while neither Ferruzzi nor Unilever wanted to take over the whole of the company's business.

NMV crushes about 850,000 tons of domestically grown oilseeds a year. The takeover marks a further phase in the aggressive east European expansion strategy of Ferruzzi, which is Europe's largest oil seed producer.

Eridania/Beghin Say, a Ferruzzi subsidiary, last year paid $40m to acquire 40 per cent holdings in three Hungarian sugar companies, which control about 40 per cent of the country's sugar market. These stakes are due to be increased to 60 per cent.

Unilever said it would add international brands to NMV's margarine business, the biggest in Hungary.

TWA reaches agreement with PBGC

TRANS World Airlines, the bankrupt carrier owned by Mr Carl Icahn, has reached agreement with the Pension Benefit Guaranty Corporation, the US federal agency which guarantees the payment of basic pensions, over the proposed sale of TWA's Travel Channel subsidiary, writes Nikki Tait.

The PBGC had argued the subsidiary was "jointly and severally" liable for TWA's pension underfunding, which it puts at $933m. It claimed the money should be set aside to meet the pension deficit and should not be swallowed up by TWA's operating losses.

Under the deal, the PBGC's position is essentially satisfied. Travel Channel is prohibited from dividending or giving the sale proceeds to TWA and if TWA seeks to borrow the cash, Travel Channel will have a fully-secured position and "a super priority claim" on behalf of its creditors.

Monies involved in the Travel Channel sale are relatively small – although they are material in the context of TWA's distressed financial condition. According to documents filed in the bankruptcy court, TWA had an operating loss of $37.1m in January and an after-tax loss of $51.6m. TWA filed for protection under Chapter 11 of the Bankruptcy Code on January 31.

The PBGC is pursuing claims at Continental Airlines, which has been in bankruptcy since late-1990. The bankrupt airline is seeking to sell Air Micronesia – in which Continental holds a controlling stake – for $290m.

But the PBGC argues that the proceeds should be applied to the underfunded pension plans at Eastern Airlines, now defunct but once the sister carrier to Continental.

Norway moves to counter DnB reports

By Karen Fossli in Oslo

NORWAY'S finance ministry yesterday moved quickly to counter reports it is considering erasing the shares of Den norske Bank (DnB), Norway's biggest bank, and putting it under full state control.

Trading in DnB's shares, bonds and options were suspended on the Oslo bourse for several hours yesterday after plunging by NKr1.70 to NKr5.30 on concerns over its capital adequacy. A local news agency had quoted Mr Svein Aasmundstad, the controversial head of the Banking, Insurance and Securities Commission (BISC), as saying the government was about to consider writing down the value of DnB's shares to zero.

In October, Christiania Bank, the second biggest bank, declared its equity had been wiped out and was delisted from the bourse and taken over by the state.

Christiania is due to report 1991 figures on March 5, but local media has speculated that the bank will report net losses of NKr10bn ($1.56bn).

Last December, Fokus Bank, the third biggest bank, was taken over by the state and nearly doubled 1991 net losses to NKr2.1bn.

Earlier this month DnB reported 1991 net losses nearly trebled to NKr4.32bn after credit losses of NKr5.58bn.

However, in December Norwegian finance officials orchestrated a complex rescue action for DnB, to keep it from falling into the hands of the state in a deal in which the bank was forced to write down the face value of its shares to NKr10 from NKr100.

The finance ministry yesterday issued a statement confirming DnB's equity amounted to 7.7 per cent of risk-weighted balance sheet items following the state rescue, compared with a legal minimum of 5.6 per cent.

For its part, DnB has no plans to seek extra state funding or change plans to expand its capital later this year. DnB's A-shares closed NKr0.60 down at NKr6.40 yesterday.

Plant closures push Sansui Electric into red

By Robert Thomson in Tokyo

SANSUI Electric, the Japanese audio equipment maker acquired by Polly Peck International, yesterday reported a pre-tax loss of Y9.6bn ($74m), as the company continued its attempts to restructure manufacturing operations in Asia.

Sales totalled Y20.5bn, compared with Y16.3bn for a nine-month period in 1990, when the company's financial year was changed. Sales of audio equipment, which account for about 90 per cent of total sales, were affected by a downturn in the Japanese and international markets.

The company reported an after-tax loss of Y73.16bn, which it said arose from costs associated with plant closures. In the previous period, it reported an after-tax profit of Y413m and it is forecasting a profit of Y500m this year.

For the current year, the company forecasts sales of Y18bn, and a pre-tax loss of Y3.5bn.

Fokker to pay first dividend in five years

By Ronald van de Krol in Amsterdam

FOKKER, the Dutch aircraft builder, is to resume paying a dividend for the first time in five years.

The company said yesterday that the long-awaited move reflected progress made during 1991 – despite the subdued world aviation market – and the favourable outlook for the longer term.

Fokker also reported that it had posted net profit of Fl 87m ($47m) in 1991, compared with Fl 83m the previous year.

Operating profit increased at a more buoyant rate of 55 per cent to Fl 145m, but growth in net results was held back by a sharp rise in interest charges and by a markedly lower contribution to profits from associate companies.

Turnover was up by 19 per cent at Fl 3.8bn.

"Barring unforeseen circumstances, a further improvement of the company's results is expected in 1992," Fokker said.

The cash payout to shareholders from 1991 earnings has been fixed at Fl 0.75 per share.

Fokker last paid a dividend out of 1986 results, when shareholders either received Fl 1.75 in cash or exercised an option to receive the payout in a mixture of cash and shares.

Dividend payments were halted in 1987 after the Dutch government came to Fokker's rescue when it ran into difficulties arranging the simultaneous launch of two new aircraft, the Fokker 50 and 100. The government now holds 32 per cent of Fokker's shares.

The company had originally hoped to pay a dividend on 1990 results but it postponed resumption of a payout because of the Gulf war and also the weakness of the dollar.

Sharp fall in Esab earnings

By John Burton in Stockholm

ESAB, the world's leading welding equipment producer, has reported a 97 per cent fall in profits after financial items to SKr9m ($1.5m) in 1991 and has halved its dividend to SKr3.25.

The sharp earnings fall was blamed on a 7 per cent decline in sales to SKr6.57bn as well as costs associated with a reduction of the workforce. Although Esab predicts profitability will improve in 1992 due to cost-cutting measures, it expects market growth to be slow and only a marginal increase in sales.

Orders during 1991 fell 9 per cent to SKr6.37bn, reflecting a decline in industrial production and reduced investments by customers.

Esab noted that demand weakened in all its leading markets, which included Europe, the US, Brazil and south-east Asia.

Nestlé bid triggers inquiry

By Andrew Hill in Brussels

THE European Commission has launched a preliminary investigation into Nestlé's FFr13.42bn ($2.39bn) bid for Perrier, its second probe into the network of bids and counter-bids involving the French mineral water group.

On Monday, Sir Leon Brittan, the EC's competition commissioner, will decide whether the Agnelli family's FFr5.6bn agreed bid for Exor, Perrier's controlling shareholder, raises "serious doubts" about its effects on competition in the EC. If it does, the Commission will launch a full four-month inquiry into the offer, which would freeze the bid.

Both the Agnelli/Exor deal and the proposed Nestlé/Perrier merger crossed the turnover threshold which triggers an automatic investigation. The process could also be set in motion by the counter-bid for Exor by BSN, the French food group, and by this week's full bid for Perrier by Exor.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$353.20	+1.25	$366.55	$403.25	$345.25
Silver Per troy oz	235.06p	-0.64	196.05p	280.55p	183.35p
Aluminium 99.7% (cash)	$1298.5	+3.5	$1541.0	$1570	$1082.5
Copper Grade A (cash)	£1295.50	+34.25	£1318.5	£1472	£1147.0
Lead(cash)	£291.25	+5.5	£314.0	£382.5	£279.00
Nickel (cash)	$7665.0	-305	$8562.5	$9237.5	$7090.0
Zinc SHG (cash)	$1185.5	+77.0	$1223.0	$1430	$990.25
Tin (cash)	$5595	-70.0	$5585.0	$5915	$5425.0
Cocoa Futures (May)	£692		£633.0	£829	£596
Coffee Futures (Mar)	£450	-19	£548.0	£620	£469
Sugar (LDP Raw)	$203.5	-4.4	$227.0	$293	$194
Barley Futures (May)	£119.30	+0.85	£120.2	£122.95	£107.75
Wheat Futures (May)	£128.80	+1.45	£131.0	£141.10	£111.80
Cotton Outlook A Index	56.20c	+0.55	85.70c	86.25c	55.50c
Wool (64s Super)	480p	+10	330p	480p	329p
Oil (Brent Blend)	$17.50x	-0.325	$18.55	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Apr

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-5.45w	-.025
Brent Blend (dated)	$17.40-7.50w	-.075
Brent Blend (Apr)	$17.45-7.55	-.075
W.T.I. (1 pm est)	$18.60-8.65w	-0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$198-200	-2
Gas Oil	$160-161	-1
Heavy Fuel Oil	$68-70	
Naphtha	$178-179	-1
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.20	-0.60
Silver (per troy oz)♣	413c	
Platinum (per troy oz)	$359.75	-1.00
Palladium (per troy oz)	$80.90	-0.35
Copper (US Producer)	107.20c	-0.01
Lead (US Producer)	37.37c	
Tin (Kuala Lumpur market)	14.12r	-0.01
Tin (New York)	260.0c	+1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	N/A	
Sheep (live weight)†♣	N/A	
Pigs (live weight)†	N/A	
London daily sugar (raw)	$203.5v	-0.6
London daily sugar (white)	$261.5v	+0.5
Tate and Lyle export price	£222.5	-1.0
Barley (English feed)	£120	
Maize (US No 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	51.75p	
Rubber (May)♥	52.00p	
Rubber (KL RSS No 1 Mar)	210.0m	
Coconut oil (Philippines)§	$555.0t	
Palm Oil (Malaysian)§	$395.0q	+10.0
Copra (Philippines)§	$450.0y	
Soyabeans (US)	£153.0q	+3.0
Cotton "A" Index	56.20c	-0.05
Wooltops (64s Super)	480p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	179.00	178.60	179.60 178.00
Aug	185.80	185.60	185.60 185.20
Oct	187.00	185.00	187.00 184.60
White	Close	Previous	High/Low
May	260.1	260.3	262.0 259.5
Aug	264.1	264.5	265.0 264.0
Oct	257.6	258.5	257.6 256.5

Turnover: Raw 94 (642) lots of 50 tonnes. White 462 (1625)
Paris- White (FFr per tonne): May 1464.60 Aug 1504.82

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Apr	17.50	17.64	17.66 17.48
May	17.56	17.65	17.64 17.51
Jun	17.57	17.66	17.63 17.52
Jul	17.59	17.66	17.72 17.55
Sep	17.64	17.74	17.76 17.63
Oct	17.68	17.85	17.88
IPE Index	17.47	17.33	

Turnover 10091 (21311)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	159.50	160.75	161.25 159.00
Apr	159.25	160.00	160.50 158.50
May	159.00	160.00	160.00 158.50
Jun	160.25	161.50	161.25 159.75
Jul	163.00	163.75	163.50 162.00
Aug	165.00	165.75	165.50 164.50
Sep	167.00	167.25	167.00 166.75
Oct	169.50		169.50 168.00
Nov	170.00		171.00 170.00

Turnover 8279 (13372) lots of 100 tonnes

SPICES
Pepper market rather inactive as both overseas suppliers and industrial buyers have preferred to wait and see, reports Man-producten. Muntok white pepper is available at $1,350 a tonne spot Europe and at $1,275 cif for shipment from origin. News that a protocol was signed between the CIS and India to supply 9,000 to 10,000 tonnes of black pepper made the Indian market firmer ($1,250 cif for MG-1). Main suppliers to the market are Sarawak and Thailand with $1,100 a tonne cif. The asta grades are offered at about $1,200 a tonne cif.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	682	675	677 660
May	693	701	705 691
Jul	722	728	731 720
Sep	745	754	756 744
Dec	779	788	791 777
Mar	811	818	818 809
May	829	838	841 834
Jul	847	858	860 854
Sep	866	877	873 866

Turnover: 3525 (4310) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne) Daily price for Feb.27 876.74 (876.74) 10 day average for Feb.28 853.29 (853.29)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	794	798	805 790
May	818	815	829 812
Jul	842	842	850 836
Sep	866	864	875 864
Nov	890	891	897 890

Turnover 7031 (7361) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 27: Comp. daily 54.38 (53.84) 15 day average 55.44 (55.53)
Sterling close. March £450

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	122.2	120.9	122.5 119.9
May	146.2	143.0	146.5 143.0
Apr	126.0		125.5

Turnover 423 (97) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Apr	127.00	127.00	127.00 126.50

Turnover 225 (250) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Mar	1252	1266	1265 1250
Apr	1296	1298	1310 1295
Jul	1129	1121	1129
Oct	1252	1248	1252
BFI	1222	1228	

Turnover 181 (267)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	125.30	124.80	125.00
May	128.80	128.50	128.80 128.50
Jun	130.40	130.25	130.30
Sep	112.15		112.25 112.20
Nov	115.45	115.55	115.45 115.40
Jan	119.20	119.30	119.20
Mar	122.25	122.45	122.40 122.35
Barley	Close	Previous	High/Low
May	119.30	118.90	119.00

Turnover: Wheat 157 (295), Barley 10 (70) Turnover lots of 100 Tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	Close	Previous	High/Low
Mar	119.0	119.5	119.0 118.5
Apr	118.0	118.0	118.0
May	116.5	115.8	116.0
Jun	115.5	114.8	115.0
Jul	110.5	109.5	110.0
Oct	110.5	110.5	110.0

Turnover 91 (105) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,629 lots	
Cash	1298-9	1318-9	1299.5	1299-8.5		
3 months	1323-4	1344-5	1330/1311	1323.5-4.0	1316-7	151,284 lots
Copper, Grade A (£ per tonne)					Total daily turnover 34,293 lots	
Cash	1295-6	1298.5-9.0	1302/1301.5	1301-2.5		
3 months	1305-6	1309-10	1309/1299	1308-9	1309-9	122,201 lots
Lead (£ per tonne)					Total daily turnover 1,798 lots	
Cash	291-1.5	291.75-2.25		291.5-1.75		
3 months	302-2.25	303.25-3.50	303.5/302	302-2.25	302-2.5	14,617 lots
Nickel ($ per tonne)					Total daily turnover 4,486 lots	
Cash	7660-70	7910-20		7760-5		
3 months	7735-8	7890-5	7975/7720	7830-5	7740-60	23,115 lots
Tin ($ per tonne)					Total daily turnover 1,290 lots	
Cash	5590-600	5595-605	5610/5605	5605-5		
3 months	5640-5	5645-50	5660/5645	5650-5	5660-3	5,689 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 13,140 lots	
Cash	1185-6	1163-5	1183.5/1183	1183-4		
3 months	1200-1	1182-3	1201/1178	1181-2	1198-9	46,162 lots

LME Closing £/$ rate: SPOT: 1.7568 3 months: 1.7306 6 months: 1.7114 9 months: 1.6914

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.00-353.40	
Opening	353.40-353.70	
Morning fix	353.05	200.859
Afternoon fix	353.10	200.431
Day's high	353.50-353.80	
Day's low	353.00-353.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.49	6 months	3.50
2 months	3.50	12 months	3.50
3 months	3.50		

Silver fix	p/fine oz	US cts equiv
Spot	233.90	411.85
3 months	239.85	416.05
6 months	245.70	420.60
12 months	258.60	430.25

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.00-354.00	200.50-201.00
Maple leaf	364.00-365.00	206.50-207.00
New Sovereign	86.50-87.50	49.00-49.50

TRADED OPTIONS

Coffee	May	Jul	May	Jul
750	71	103	4	11
800	35	67	18	25
850	14	40	47	48
Cocoa	May	Jul	May	Jul
750	34	47	16	26
775	22	34	29	38
800	13	26	45	55
Brent Crude	Apr	May	Apr	May
1750	29		23	48
1800	10	33		78
1850		18		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Mar	353.0	353.9	352.7	352.7
Apr	354.1	356.0	354.7	354.0
May	355.2	358.1	0	0
Jun	356.3	357.2	356.9	356.2
Aug	358.5	359.4	358.5	358.2
Oct	360.7	361.6	360.7	360.7
Dec	363.0	363.9	363.3	363.0
Feb	366.3	366.3	0	0
Apr	368.7	358.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Mar	356.0	0	0	0
Apr	359.7	359.6	360.5	359.0
Jul	359.4	359.0	360.0	359.0
Oct	362.7	362.2	363.0	363.0
Jan	362.7	362.2	0	0

SILVER 5,000 troy oz; cents/troy oz	Close	Previous	High/Low	
Mar	410.0	410.3	410.5	409.0
Apr	411.6	412.1	0	0
May	413.5	414.0	414.5	412.5
Jul	416.7	417.3	418.0	416.0
Sep	420.1	420.7	421.5	419.5
Dec	425.5	426.1	427.0	425.0
Jan	427.2	427.8	0	0
Mar	431.4	432.0	0	0
May	435.8	436.4	436.5	436.5
Jul	440.2	440.8	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	7.86	7.80	8.02	7.72
May	8.02	7.98	8.12	7.97
Jul	8.18	8.18	8.26	8.13
Oct	8.34	8.34	8.36	8.26
Mar	8.55	8.54	8.59	8.49
May	8.59	8.56	8.58	8.56
Jul	8.71	8.68	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Feb.28	Feb.27	mnth ago	yr ago
1609.2	1607.5	1591.6	1696.3

DOW JONES (Base: Dec. 31 1974 = 100)	Feb.27	Feb.28	mnth ago	yr ago
Spot	119.01	118.97	118.60	124.87
Futures	122.34	121.69	122.76	129.77

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	102.95	103.05	103.85	102.90
Apr	103.50	103.40	103.70	103.70
May	103.20	103.30	104.00	103.10
Jun	102.50	102.70	103.10	102.70
Jul	101.95	102.15	102.60	101.80
Aug	101.65	101.85	102.00	102.00
Sep	101.30	101.55	101.90	101.10
Oct	101.10	101.35	101.50	101.50
Nov	100.95	101.20	101.40	101.40
Dec	100.80	101.05	101.60	101.00

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Apr	18.67	18.75	18.71	18.60
May	18.83	18.90	18.86	18.75
Jun	18.96	19.04	18.96	18.90
Jul	19.05	19.12	19.05	18.99
Aug	19.08	19.16	19.08	19.02
Sep	19.10	19.17	19.10	19.05
Oct	19.10	19.18	19.14	19.04
Nov	19.10	19.20	19.12	19.06
Dec	19.14	19.22	19.16	19.10
Jan	19.16	19.18	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Mar	5130	5124	5125	5080
Apr	5130	5158	5135	5105
May	5115	5145	5125	5090
Jun	5120	5160	5135	5105
Jul	5165	5195	5180	5150
Aug	5235	5270	5250	5230
Sep	5375	5405	5385	5375
Oct	5475	5515	5490	5475
Nov	5580	5615	5580	5580
Dec	5680	5715	5680	5680

COCOA 10 tonnes; $/tonnes	Close	Previous	High/Low	
Mar	1093	1102	1110	1077
May	1116	1122	1128	1096
Jul	1153	1156	1156	1135
Sep	1188	1190	1193	1175
Dec	1225	1233	1230	1217
Mar	1266	1268	1255	1251
May	1295	1297	0	0
Jul	1320	1319	1320	1306
Sep	1353	1353	1350	1326
Dec	1388	1388	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	69.70	67.75	69.75	67.10
May	70.90	69.15	70.95	68.50
Jul	73.40	72.00	73.45	71.20
Sep	75.80	74.50	75.90	74.00
Dec	79.40	77.70	78.75	77.50
Mar	82.50	81.50	82.25	81.00
May	84.50	84.50	84.50	83.50
Jul	87.00	85.50	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	54.75	54.50	55.20	54.80
May	56.70	56.60	57.10	56.40
Jul	58.44	58.33	58.75	58.10
Oct	60.22	60.03	60.45	60.00
Dec	60.90	60.65	61.00	60.60
Mar	62.33	62.15	62.10	62.10
May	62.75	62.65	0	0
Jul	63.00	63.13	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	143.20	141.45	143.20	141.30
May	139.65	138.25	139.70	137.80
Jul	136.90	135.90	137.60	135.70
Sep	132.15	131.55	132.50	131.30
Nov	124.75	124.80	125.10	125.00
Jan	124.75	124.50	124.75	124.75
Mar	124.25	124.50	0	0
May	124.25	124.50	0	0
Jul	124.25	124.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	580/2	573/6	581/4	575/0
May	589/2	582/0	590/0	582/4
Jul	598/2	590/6	599/0	591/4
Aug	602/2	594/4	602/4	595/4
Sep	605/0	597/4	605/0	599/0
Nov	613/0	607/2	614/4	607/2
Jan	622/4	616/6	624/0	617/4
Mar	632/0	625/4	633/0	627/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	19.71	19.39	19.72	19.38
May	20.01	19.69	20.02	19.69
Jul	20.26	19.89	20.30	20.00
Aug	20.42	20.16	20.43	20.22
Sep	20.56	20.28	20.56	20.33
Oct	20.70	20.40	20.70	20.65
Dec	20.99	20.73	21.02	20.80
Jan	27.05	20.82	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	174.1	172.6	174.5	173.1
May	176.9	175.7	177.1	175.8
Jul	179.3	178.0	179.8	178.3
Aug	180.1	179.0	180.6	179.3
Sep	181.5	180.3	181.9	180.3
Oct	195.9	194.5	196.2	194.5
Dec	197.2	195.9	197.8	195.5
Jan	198.5	196.5	198.5	197.1

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	264/6	261/6	265/0	261/0
May	273/4	269/2	274/0	268/6
Jul	279/2	275/0	279/4	274/4
Sep	276/0	272/4	278/2	272/4
Dec	273/0	269/4	273/4	269/2
Mar	279/4	275/6	280/0	275/6
May	283/2	279/4	284/0	282/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	401/4	410/4	409/0	401/0
May	400/0	406/4	405/0	399/0
Jul	385/6	386/6	386/6	385/0
Sep	390/4	390/2	392/4	390/0
Dec	400/4	400/2	402/4	399/4
Mar	403/4	402/0	404/4	402/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	77.400	77.050	77.450	76.750
Jun	73.775	73.250	73.800	73.050
Aug	68.825	69.000	69.100	68.750
Oct	67.950	68.125	68.250	67.875
Dec	68.625	68.850	68.775	68.550
Feb	68.100	68.300	68.300	68.100

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Apr	39.725	39.300	39.850	38.975
Jun	44.500	44.175	44.700	43.875
Jul	44.950	44.625	45.000	44.325
Aug	43.700	43.200	43.800	42.925
Oct	40.425	40.175	40.450	40.000
Dec	43.560	43.125	43.600	43.000
Feb	44.300	44.000	44.300	43.850
Apr	42.150	42.150	0	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	32.675	32.050	32.800	31.980
May	34.375	34.050	34.475	33.550
Jul	35.200	35.025	35.450	34.700
Aug	34.425	34.375	34.825	34.275
Feb	47.200	46.750	47.200	46.500
Mar	46.000	46.000	46.100	0
May	49.000	0	0	0
Jul	47.000	0	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar in volatile trading

THE DOLLAR settled in the day's mid-range yesterday after a volatile but ultimately indecisive session.

The markets were presented with mixed US economic indicators. Higher inventories pushed the fourth quarter US gross domestic product growth up to a revised 0.8 per cent from 0.3 per cent. But the Chicago Purchasing Management index showed a seasonally adjusted fall to 48.0 per cent, from 49.2, its lowest since last June.

Mr Michael Feeny, a senior dealer at Sumitomo Bank, said: "There has been underlying strength in the dollar during the week, but sentiment has weakened." Traders said the dollar was boxed in between well-defended support and resistance levels at DM1.63 and DM1.66 respectively.

The dollar closed at DM1.6375, against DM1.6440 on Thursday. It had started the day by testing support at DM1.6300 but recovered to a DM1.6450 high by mid-session after Mr Hiroshi Yasuda, Japanese deputy finance minister, said the G7 may not intervene in the market as long as currency movements were not drastic.

Traders said his comments had come at a particularly sensitive time as the G7 deputy finance ministers were meeting yesterday and today and currency policy was believed to be on the agenda.

Intervention by the Bank of Japan alone has tended to be unsuccessful, but after US treasury undersecretary Mr David Mulford said on Thursday he was not worried about the level of the dollar, it appeared unlikely the Japanese would win the assistance of the US in coordinated action.

The dollar still dropped back slightly against the yen, to 129.00/10, from a start of 129.25/35. In Tokyo, it had closed at 129.33 after quiet trading.

The D-Mark rose slightly against the EMS currencies, after the decline in the dollar, and held its gains on the Swiss franc despite moves by the Swiss National Bank to shore up short-term money rates.

It also gained against sterling, largely due to the continued decline of the peseta. The Spanish currency, stuck at its limits earlier this week, eased amid talk that more Spanish rate cuts are on the way and that it may soon enter the ERM's 2.25 per cent band.

The peseta was at 5.77 per cent above its pivot against sterling, down from 5.95 per cent on Thursday, lowering the effective floor for sterling within the system.

Sterling remained slightly above the floor, prompting some dealers to suggest that an imminent UK base rate may not yet be out of the question.

It closed at DM2.8778 after a 2.8816 start and 2.8867 close on Wednesday. It ended little changed against the dollar at $1.7580, compared with $1.7575 on Thursday.

£ IN NEW YORK

Feb.28	Latest	Previous Close
£ Spot	1.7560-1.7570	1.7635-1.7645
1 month	0.93-0.92pm	0.94-0.92pm
3 months	2.65-2.63pm	2.64-2.61pm
12 months	8.68-8.55pm	8.52-8.44pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

*Floating rate Iran Official rate £115.40 $66.95

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7570	1.7477	1.7305	1.7078	1.6710
D-mark	2.8775	2.8758	2.8734	2.8717	2.8620
French Fr.	9.7825	9.7793	9.7789	9.7775	9.7619
Swiss Fr.	2.6075	2.6018	2.5915	2.5776	2.5465
Yen	227.00	226.05	224.09	221.24	216.07

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11 - 10¾	11 - 10⅞	10⅞ - 10½	10⅝ - 10⅞	10¾ - 10⅝	10¾ - 10⅝
US Dollar	4⅛ - 4	4¼ - 4⅛	4¼ - 4⅛	4¼ - 4⅛	4⅜ - 4¼	4¾ - 4⅝
Can. Dollar	7¼ - 7	7¼ - 7	7⅛ - 6⅞	7⅛ - 6⅞	7¼ - 7	7⅝ - 7⅜
Dutch Guilder	9⅞ - 9⅞	9⅞ - 9⅝	9¾ - 9½	9¾ - 9½	9¾ - 9½	9¾ - 9⅝
Swiss Franc	7⅞ - 7⅝	7⅞ - 7⅝	7¾ - 7⅝	7¾ - 7⅝	7⅞ - 7⅝	7⅞ - 7⅝
D-Mark	9⅞ - 9⅞	9¾ - 9½	9¾ - 9½	9¾ - 9½	9¾ - 9⅝	9⅞ - 9⅞
French Franc	10 - 9⅞	10 - 9⅞	10 - 9⅞	10 - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Italian Lira	12 - 10	12⅛ - 11⅞	12⅛ - 11⅞	12 - 11½	12 - 11½	11⅞ - 11½
Belgian Franc	9 - 9⅛	9 - 9⅛	9 - 9⅛	9 - 9⅛	9½ - 9⅜	9½ - 9⅜
Yen	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅞	5¼ - 5⅛	4⅞ - 4⅞	4⅞ - 4⅞
Danish Krone	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10⅛ - 9⅞
Asian $Sing	3⅞ - 3⅛	3⅞ - 3⅞	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅞ - 3⅝

Long term Eurodollars: two years 5¼-5⅛ per cent; three years 6⅛-6⅞ per cent; four years 6⅞-6½ per cent; five years 7⅛-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.28	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.757	2.878	227.0	9.783	2.608	3.238	2160.	2.078	59.10	1.406
$	0.569	1	1.638	129.2	5.568	1.484	1.843	1229	1.183	33.64	0.800
DM	0.347	0.610	1	78.87	3.399	0.906	1.125	750.5	0.722	20.54	0.489
YEN	4.405	7.740	12.68	1000.	43.10	11.49	14.26	9515	9.154	260.4	6.194
F Fr.	1.022	1.796	2.942	232.0	10.	2.666	3.310	2208	2.124	60.41	1.437
S Fr.	0.383	0.674	1.104	87.04	3.751	1	1.242	828.2	0.797	22.66	0.539
N Fl.	0.309	0.543	0.889	70.11	3.021	0.805	1	667.1	0.642	18.25	0.434
Lira	0.463	0.813	1.332	105.1	4.529	1.207	1.499	1000.	0.962	27.36	0.651
C$	0.481	0.846	1.385	109.2	4.708	1.255	1.558	1039	1	28.44	0.677
B Fr.	1.692	2.973	4.870	384.1	16.55	4.413	5.479	3655	3.516	100.	2.379
Ecu	0.711	1.250	2.047	161.5	6.958	1.855	2.303	1536	1.478	42.03	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates edge up

HOPES of a base rate cut were put aside yesterday and rates firmed in the face of a big shortage of credit on the final trading day of the month.

The Bank of England's opening forecast of £1.7bn was slightly lower than market expectations which had ranged as high as £2bn. The shortfall was due mainly to more than £2bn of treasury bills and maturing assistance.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

But the day proved as difficult as expected, largely because only half the bills due were reckoned to have been renewed. This may have been because corporates did not need the funds, or because they saw a chance of cheaper money in the near future.

The effect was that much of the shortage failed to be transferred to the most accessible places.

In the early round the Bank purchased bills totalling £590m for resale to the market at 10⅞ per cent on March 20. At midday, it purchased outright £36m of band 1 treasury bills at 10⅝ per cent and £37m of band 1 bank bills at 10⅝ per cent, together with a further £41m of bills for resale.

The shortfall forecast was raised to £1.95bn in the afternoon, however, and the Bank purchased £736m of band 1 treasury bills and band 1 and 2 bank bills outright at 10⅝ per cent, plus £69m for resale.

This still left the system £441m short, for which late assistance accounted for only £220m.

Overnight rates went as high as 16 per cent in the afternoon, having earlier hovered at 11¾-11½ per cent, closing at 13-12½ per cent.

Short rates remained firm, with the one-week rate up to 10⅞-10⅝, very expensive compared with a 10½ per cent base rate. The key three-month interbank rate was unchanged at 10⅝-10½ per cent.

The March short sterling contract dropped as far as 89.76 from a 89.86 start, before coming back slightly to 89.80.

German call money rates were also firmer as liquidity levels fell sharply. Overnight rates were quoted at 9.55/65 per cent, up from 9.45/55 per cent on Thursday, but below the 9.75 per cent Lombard rate.

Bundesbank reserves plunged to DM60.0bn on Wednesday from DM75.3bn on Tuesday, due to the outflow of pension payments. Traders said uncertainty about when funds would flow back into the system, and when it would be hit by February employee wage payments, had pushed overnight rates up.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

February	1984.0	1983.4	-3.6	1997.0	1978.0	-	6,248
March	1993.0	2000.0	-3.0	2015.0	1993.0	-	16,219
April	2018.0	2016.0	-2.5	2024.5	2016.0	-	891
June	2014.0	2020.0	-2.0	2022.0	2014.0	-	6,458

Estimated volume 21,107 Total Open Interest 29,816

ECU BOND (MATIF)

March	108.74	108.56	-0.08	108.78	108.56	8.67	9,259
June	108.96	108.82	-0.10	109.02	108.90	8.63	1,470

Estimated volume 4,273 Total Open Interest 10,729

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
104	-	-	-	-	0.07	-
107	-	-	-	0.13	0.40	-
108	1.71	-	-	0.32	-	-
109	1.05	1.52	-	0.63	1.01	-
110	0.57	-	-	-	-	-
111	0.27	0.68	-	-	-	-
112	0.12	-	-	-	-	-
Open Int	81,405	10,933	-	63,918	3,876	50

Estimated volume 11,197 Total Open Interest 160,182

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday February 26, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	92,975,507	-	26,889,817
Bankers Deposits	1,595,792,836	+	178,320,160
Reserve and other Accounts	3,330,116,618	+	51,640,239
	5,033,437,961	+	203,070,582
ASSETS			
Government Securities	1,279,448,528	+	75,545,000
Advance and other Accounts	2,037,697,504	-	200,587,074
Premises Equipment & other Secs	1,708,945,445	+	333,087,482
Notes	7,127,444	-	4,972,350
Coin	221,040	-	2,456
	5,033,437,961	+	203,070,582
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,452,872,556	+	14,972,350
Notes in Banking Department	7,127,444	-	4,972,350
	15,460,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,734,223,505	+	489,040,288
Other Securities	7,714,761,395	-	479,040,288
	15,460,000,000	+	10,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bank	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	88.27	87.53	86.71	85.51
Fixed Interest	101.17	99.33	96.82	96.17
Ordinary	1974.9	1937.6	1830.5	1920.4
Gold Mines	137.8	151.1	154.8	158.1
SEAQ Bargains (5.00pm)	30,694	29,697	21,859	25,446
F.T.-Actuaries				
Industrial Group	1302.61	1273.80	1215.37	1260.91
500 Share	1374.45	1353.75	1299.58	1353.28
Financial Group	720.37	721.01	701.97	757.43
All-Share	1218.70	1203.06	1156.90	1210.28
FT-SE 100	2543.3	2520.2	2410.5	2505.1
FT-SE Eurotrack 100	1145.38	1118.77	1048.12	1085.65

	Highest Feb. close	Lowest Feb. close
Ordinary	2002.9 (26th)	1945.1 (7th)
All-Share	1229.84 (28th)	1207.23 (7th)
FT-SE 100	2565.0 (26th)	2517.2 (7th)
FT-SE Eurotrack 100	1169.95 (28th)	1132.79 (4th)

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2703

Exchequer 10½% Stk 2005 - £109¾
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £118¾ (24Fe92)

Corporation and County Stocks
No. of bargains included 5

Bristol(City of) 11½% Red Stk 2008 - £107 (25Fe92)
Leeds(City of) 13½% Red Stk 2006 - £118 (25Fe92)
Liverpool Corp 3% Red Stk 1942(or after) - £27½ (26Fe92)
Manchester Corp 1891 3% Red Stk 1941(or after) - £27
Merton(London Borough of) 11¼% Red Stk 2017 - £106¼
Nottingham Corp 3% Stk (Irrd) - £27

UK Public Boards
No. of bargains included 1

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 - £85 (21Fe92)
7¾% Deb Stk 91/93 - £95½ (26Fe92)
10¼% Deb Stk 92/95 - £99¼ (24Fe92)
Metropolitan Water Southwark & Vauxhall Water Co 3% Deb Stk - £28 (21Fe92)
Staines Res Joint Comm 3% Gtd Deb Stk - £28 (21Fe92)
Port of London Authority 3% Port of London A Stk 29/99 - £63 (21Fe92)

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 64

Allied-Lyons PLC 10¾% Bds 1999(Br£5000&100000) - £100¾ ¾ 1 ¾ (25Fe92)
Amsterdam-Rotterdam Bank NV 9¾% Nts 1992 - £99½ (25Fe92)
Argyll Group PLC 4½% Cnv Bds 2002 - £122 (24Fe92)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £81

[illegible]

11% Ln Stk 2002(Reg) - £109¾
Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £112¾ (25Fe92)
Iceland(Republic of) 14½% Ln Stk 2016 - £127¼ (26Fe92)
Inter-American Development Bank 9¾% Ln Stk 2015 - £101¾
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £100¾ ¾
11.5% Ln Stk 2003 - £113¾ ¾
7¼% Stk 88/92 - £98 (26Fe92)
11¾% Stk 2008(Reg) - £110¾♦
11½% Stk 2014(Reg) - £113¾ (26Fe92)
Petroleos Mexicanos 14½% Ln Stk 2006 - £110

[illegible]

Banks and Discount Companies

[illegible]

Breweries and Distilleries

[illegible]

Building Societies

[illegible]

Registered Housing Associations

[illegible]

Commercial, Industrial, etc

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Financial Trusts, Land, etc

[illegible]

Insurance

[illegible]

Investment Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Property

[illegible]

Electricity

[illegible]

Plantations

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water

[illegible]

East Surrey Water PLC 7¾% Red Deb Stk 91/93 - £95¾ ¾ (25Fe92)
Lee Valley Water Ld 7¾% Red Deb Stk 91/93 - £95¾ ¾ (25Fe92)
8¾% Red Deb Stk 92/94 - £95¾ (25Fe92)
Warrants to sub for Ord - 25
Mid Kent Water PLC 8% Red Deb Stk 92/94 - £94¾ ¾ (24Fe92)
9⅞% Red Deb Stk 97/99 - £98¾♦ ¾♦
Mid-Southern Water PLC 7¾% Red Deb Stk 91/93 - £94¾ 5 (25Fe92)
10% Red Deb Stk 96/98 - £98 (25Fe92)
South Staffordshire Water PLC 7¾% Red Deb Stk 91/98 - £98
9¾% Red Deb Stk 98/2000 - £99¾ 5 (21Fe92)
Bournemouth & District Water Co 10¾% Red Deb Stk 1996 - £101¾♦ ¾♦
Chester Waterworks Co 7¾% Red Deb Stk 91/93 - £95¾ ¾ (24Fe92)
East Worcestershire Waterworks Co 2.8%(Fmly 4%)(1941)Prf Stk - £600 (26Fe92)
Hartlepools Water Co Ord Stk - £925♦
8% Red Deb Stk 92/94 - £94♦
North Surrey Water Co 4% Deb Stk - £37 (21Fe92)
9¾% Red Deb Stk 94/96 - £96¾ (24Fe92)
Sunderland & South Shields Water Co 10% Red Deb Stk 92/94 - £98

Miscellaneous Warrants
No. of bargains included nil

Barclays De Zoete Wedd Wts Ld A' Put Wts Rlgto FT-SE 100 Index 25/9/92 - £0.085 0.09 (24Fe92)
Put Wts (Srs O) Rltg FTSE 100 30/3/93 - £0.55 0.58 (24Fe92)
Citibank N.A.5m $/DEM E Wts to Sell Deutschmarks 3/6/92 - $2.78 (24Fe92)

USM Appendix
No. of bargains included 435

Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 - 60 (26Fe92)

[illegible]

Rule 535(2)
No. of bargains included 43

[illegible]

Court Commodity Trust - £1.405‡ (21Fe92)
Sefton Hotel Ld Ord £1 - 25
Select Industries PLC Ord 2½p - £0.14 0.145 0.15
Southern Newspapers PLC Ord £1 - £2¾ (26Fe92)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.4
Transatlantic Hldgs PLC Ord 50p - £3.1
Cnv Cum Prf 50p - £3.725 (25Fe92)
Tyndall International(Jersey) Gilt Fund - £1.19♦
Unicorn Inns PLC Ord 25p - £0¾ (26Fe92)
Wadworth & Co 9¾% Cum Prf £1 - £0.925 0.955 (24Fe92)
Weetabix Ld "A" Non.V Ord 25p - £9½
Wynnstay Properties PLC 25p - £0.915

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$2.0
Berjuntai Tin Dredging 27 (21/2)
Boise Cascade $24.5 (25/2)
Cape Range Oil A$0.388 (26/2)
City Developments S$3.92
Dainippon Screen Manufacturing Y1034.54
Energy Resources Aust Class A A$1.35♦ (21/2)
Keystone International $24.9♦ (25/2)
Kulim Malaysia Ord (Malay Ord) MR1.7 (21/2)
Malayan Cement S$2.75♦ (25/2)
Malaysian Plantations 8
Mount Martin Gold Mines A$0.47 (25/2)
National Electronics 3
Niugini Mining A$3.287
Oil Search A$0.74
Storer Communications SK256.22
United Overseas Land SK265 (24/2)
Wong Industrial HK$11.26 (26/2)
Woolfre Ord R61.25 (26/2)

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LONDON STOCK EXCHANGE

Calm session as results flow slackens

By Terry Byland, UK Stock Market Editor

STOCK market traders rested on their oars yesterday as the pace of company reporting slowed down at the end of a week which has been dominated by trading statements from the heavyweights of British finance and industry. With the latest UK opinion polls expected to report at the weekend, investors continued to focus on the re-election prospects of Mr John Major's Conservative government, which are believed to be closely linked to the contents of the budget speech to be delivered a week on Tuesday.

Government bonds eased by ⅜ or so in continued reaction to the poor UK trade figures disclosed on Thursday.

Share prices fluctuated even more narrowly than earlier this week before closing with

Account Dealing Dates		
*First Dealings:		
Feb 10	Feb 24	Mar 9
Option Declarations:		
Feb 20	Mar 5	Mar 19
Last Dealings:		
Feb 21	Mar 6	Mar 20
Account Day:		
Mar 2	Mar 16	Mar 30

*New-time dealings may take place from 8.30 am two business days earlier.

little change. The final reading of 2,562.1 showed the FT-SE Index a mere 0.1 up.

Earlier, the Index was down 10.4 when market attendance was hindered by commuter travel problems prompted by a security alert throughout central London following a bomb explosion at a main-line railway station.

Also holding stocks back was a narrowing in the premium on the FT-SE March futures contract, which has often provided a lead for the market over the past week.

Share prices soon rallied in the absence of significant selling and although London paid little heed to an early gain of 10 Dow points when Wall Street opened for the new session, the final picture was stable.

Trading volume, as measured through the Seaq network, which takes in both retail and intra-market business, dwindled somewhat as the corporate reporting load lightened; yesterday's 449.7m shares compared with 606.2m on Thursday when Midland Bank, ICI and British Gas all reported profits. Retail, or customer-originated, business in equities totalled £1.2bn on Thursday, among the highest daily totals for the year so far.

The banking sector, which generally satisfied the market this week with its dividend and profits announcements, improved yesterday. The exception, however, was Barclays whose trading statement had disclosed payment from reserves to help meet the cost of the dividend.

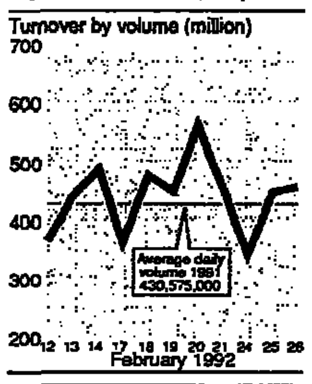
Last night's closing levels left the FT-SE Index with a gain of 19.8 over the first week of the two week equity trading account. The gain has reflected optimism for a relatively generous budget, hopefully accompanied closely by the widely-expected reduction in UK base rates.

However, the market still has to face trading statements from across the range of British industry.

● Retail volume in equities has remained volatile but has increased as the market has responded favourably to the flow of company results.

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.35	88.55	88.49	88.31	88.19	84.76	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.38	101.49	101.45	101.33	101.17	93.22	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1993.0	1986.7	2002.9	1989.8	1999.7	1916.2	2103.3 (2/9/91)	1605.3 (16/1/91)	2103.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	130.2	127.2	126.7	129.8	128.6	143.0	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2562.1	2562.0	2565.0	2546.8	2559.7	2386.9	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1195.15	1193.41	1194.70	1185.41	1192.22	1088.10	1198.60 (3/2/92)	938.62 (16/1/91)	1198.60 (3/2/92)	938.62 (16/1/91)
●Ord. Div Yield	4.50	4.50	4.61	4.63	4.50	5.04				
●Earning Yld %(full)	6.53	6.53	6.66	6.67	6.53	9.75				
●P/E Ratio(Net)(*)	19.26	19.24	18.77	18.75	18.88	12.60				
SEAQ Bargains 5.00pm	32,419	33,359	26,639	28,406	28,078	38,810				
Equity Turnover(£m)†	-	1183.2	972.0	870.8	662.6	1029.39				
Equity Bargains†	-	37,800	32,753	32,780	27,893	35,457				
Shares Traded (ml)†	-	515.6	457.9	445.4	352.4	470.3				

Basis 100 Govt Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 [illegible]

Ordinary Share Index, Hourly changes — Day's High 1995.6 — Day's Low 1974.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1986.6	1980.9	1977.1	1981.6	1982.2	1982.1	1982.7	1984.3	1982.3

FT-SE 100, Hourly changes — Day's High 2565.1 — Day's Low 2551.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2564.0	2558.3	2554.6	2560.6	2559.3	2559.0	2561.3	2564.8	2562.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1198.88 — Day's Low 1192.71

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1194.23	1194.97	1195.74	1195.89	1196.00	1195.13	1197.03

GILT EDGED ACTIVITY

Indices*	Feb 27	Feb 26
Gilt Edged Bargains	140.2	175.4
5-Day average	142.1	131.2

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Property results blow

THE FIRST property company report of the season left little doubt that the sector is facing some grim news in the near future. Capital & Counties revealed a halving of profits to £27m and a 29 per cent fall in net asset values at 283p. The shares tumbled on the results, down 14 to 166p, on a stock 73 per cent owned by Transatlantic Corporation of South Africa.

Capital specialises in out-of-town shopping units and has been particularly badly hit by the downturn in the retail sector. "With consumer spending unlikely to pick up for some time, some retailers will still have to be offered rent-free units until 1993 at the earliest," said Mr Ray Jones at Paribas. He added that the company faced a further fall in profits this year. Other analysts agreed, with Mr Chris Turner at BZW looking for £18m profits this year, and Mr Michael Padley at Strauss Turnbull on £23m.

The results come after a bad week for the sector, with three houses – UBS Phillips & Drew, County NatWest and Panmure Gordon – issuing negative reports and selective company downgrades. Falling office rental values, particularly in central London, remain the chief cause for concern.

However, for some property issues, the bottom may have been reached, according to UBS which is turning buyer on stocks it was recommending a hold or sell at the beginning of the week; namely MEPC, Slough Estates and Hammerson. MEPC tumbled yesterday on a negative trade press report, down 5 at 338p, while Hammerson Ordinary slipped 2 to 467p and Slough was steady at 201p. Great Portland pleased the market with its sale of its stake in Bride Hall, another property group, the shares rising 6 to 160p.

Wellcome ahead

Pharmaceuticals group Wellcome jumped before an announcement by the US Food and Drug Administration (FDA) that it had approved the Zovirax herpes drug for treatment of chicken pox in children.

The shares were marked up sharply at the start of trading with some dealers offering stock at as much as 1,150p. The shares continued firm following confirmation of the FDA approval by the company. However, analysts pointed out that the news had already been included in most profit forecasts and the enthusiasm dwindled. Wellcome closed 11 up at 1,126p with 1.7m shares traded.

ICI bounce

Chemicals giant ICI bounced back by 9 to 1,293p as a number of securities houses reiterated their buy recommendations on the stock in the wake of its full-year results on Thursday.

Both County NatWest and Hoare Govett were pointing out the company's strong points to clients, although County's 1992 profit forecast for ICI of £950m is at the lower end of the analysts' forecasts. Hoare Govett predicts £1.04bn. A news report that its breast cancer drug might cause liver cell damage came too late to affect the shares.

BP uncertain

Shares in BP eased 1 to 266p, on turnover of 15m but managed to shrug off news that Moody's, the US credit rating agency, may downgrade $6.2bn of outstanding long-term debt. Short-term debt of BP's guaranteed subsidiaries is not under review. The shares were helped by a long-term buy note from Merrill Lynch.

Moody's view appears more in line with recent warnings from London sources than with the more optimistic opinions of Wall Street analysts: Goldman Sachs and Salomon Brothers have also recommended the shares this week. The debt rating agency yesterday cited concern that BP's earnings will remain under pressure, which could stress its operating cash flow and result in increased borrowings to support exploration and development expenditures.

Still suffering from its poorly-received results, Royal Insurance Holdings continued its downward spiral, the shares losing a further 7 to 183p, on top of Thursday's fall of 36. Sun Alliance also slipped 7 to 264p, but General Accident regained some of its previous day's losses, rising 6 to 432p.

Bear raiders were once again in evidence at P&O. The shares tumbled 20 to 366 as market hints resurfaced of problems at Chelsfield, the private company with which P&O runs the Pall Mall Properties group.

Profit-taking combined with negative sentiment left Tiphook 18 down at 378p.

British Airways gained five to 270p as Lehman Brothers recommended the stock to both US and UK clients. Turnover at 8.2m included a block of 2.5m done at 267½ and another at 265½.

Among aerospace and engineering stocks, British Aerospace took centre stage. The shares jumped 9 to 317p boosted by speculation that the company would soon come into the lucrative Al Yamamah 2 Saudi Arabia defence contract. Turnover reached 5.2m.

Analysts upgrades on Midland Bank, following its well-received figures on Thursday, helped the shares add 7 to 267p in busy turnover of 8m. Lloyds Bank basked in favourable comments from most corners of the market, gaining 8 to 413p. A feeling that National Westminster Bank had put the worst behind it helped it add 3 to 311p. More cautious notes on Barclays, however – Credit Lyonnais Laing, for example, recommending a switch into NatWest – saw the shares slip 7 to 368p.

Ranks Hovis lost 5 to 202p after Mr Tim Potter at Smith New Court cut his 1992 profit forecast to £105m from £115m, following a presentation by the company. Worries about the UK bread industry were behind the downgrading.

Associated British Foods fell 2 to 430p and Hillsdown Holdings gave up 1 to 152p on the referral of Hillsdown's planned acquisition of AB Food's canning and ambient stored meals division to the Monopolies and Mergers Commission. Disappointment at Unilever's results have hit the shares this week, but the price rebounded 7 to 941p, helped by a recommendation from Smith New Court.

A profit downgrading by Kleinwort Benson left food retailer Kwik Save 12 lower at 566p on turnover of 3m shares.

Two trades totalling 5m shares provided most of Whitbread "A" turnover of 6m. The shares fell 5 to 460p, with Allied-Lyons also losing 5 to 642p.

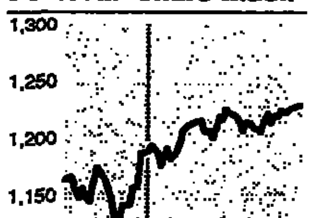
USM-quoted property company Union Square was the heaviest traded stock with a recorded turnover of 26m shares. Smith New Court had carried out an agency cross in 6.6 per cent of the company's shares. The shares closed a halfpenny better at 4½p and the company said it would be making an announcement on Monday.

Lloyds Chemists lost 12 to 327p after announcing that it will make a recommended offer for chemist Macarthy, valued at £93.6m, or 337p per share. The Monopolies and Mergers Commission on Wednesday gave approval for Lloyds to proceed with an earlier £79m bid, as well as allowing rival UniChem to make an offer. Macarthy, which had risen sharply the previous day, partly on hopes that the Lloyds bid might be worth around 360p, eased 2 to 327p. Unichem gained 2 to 204p.

MARKET REPORTERS:
Christopher Price,
Colin Millham,
Joel Kibazo, Peter John.

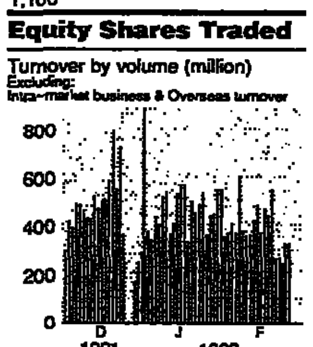
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (69).
BRITISH FUNDS (4) Cons. 4pc, War Loan 3½pc, Cv. 3½pc '61 Aft., Tr. 2pc IL '96, BANKS (1) Midland, BREWERS & DISTILLERS (2) Greene King, Holt (J.), BUSINESS SERVICES (3) Davis Service, Hogg Robinson, Inchcape, CHEMICALS (2) Allied Colloids, Engelhard, CONGLOMERATES (2) Bodycote, Jardine Hldgs., ELECTRICALS (3) China Light, Philips Finance, Volex, ELECTRONICS (3) MTL Instrs., Micro Focus, Misys, ENGINEERING GENERAL (2) Halma, Wheway, FOOD RETAILING (3) Argyll, Iceland Frozen, Morrison (Wm), HEALTH & HOUSEHOLD (3) Crighton Naturally, Macarthy, Mayborn, HOTELS & LEISURE (4) Courtyard Leis., Mandarin Oriental, Tanjong, Tottenham Hotspur, INVESTMENT TRUSTS (8) Brit. Assets 6pc Cv. '95., China & Eastern, Fidelity Euro. Values Wrrnts., Gartmore Scot. Zero Prf., Henderson Strata, Latin American, Pacific Asset, Do. Wrrnts., MEDIA (5) Daily Mail A, Harrington Kilbride, Headline Book, Pearson, Reuters, MISCELLANEOUS (1) Lionheart, MOTORS (1) Cowie (T), OTHER FINANCIAL (2) Lon. Forfaiting, Swire Pacific A, PACKAGING, PAPER & PRINTING (3) Bowater, Brit. Polythene, De La Rue, PROPERTY (2) HK Land, Slough Ests. 8pc Cv. '03, STORES (5) Boots, Fine Art Devs., GUS A, Hampden Homecare, Kleen-E-Ze, TEXTILES (4) Coats Viyella, Courtaulds Texts., Haggas (J), Sherwood Group.

NEW LOWS (45).
AMERICANS (1) Pennzoil, BREWERS & DISTILLERS (1) Hoskins, BUSINESS SERVICES (2) Gardiner, REA, CONTRACTING & CONSTRUCTION (1) Croston, ELECTRICALS (1) Kembrey, ELECTRONICS (2) P-E-Rita, ENGINEERING AEROSPACE (1) ML, ENGINEERING GENERAL (1) Sterling Inds., FOOD MANUFACTURING (2) Linton Park, RHM, FOOD RETAILING (1) Ashley 6.25p Prf., HOTELS & LEISURE (1) Allied Leis., INSURANCE BROKERS (1) Archer (A.J), INSURANCE LIFE (1) Utd. Friendly B, INVESTMENT TRUSTS (7) City of Oxford, Greyfriars, JF Asia Select Wrrnts., M & G Dual Inc., M & G Inc. Cap., Morgan Grenfell Equity Inc., Paramba, MEDIA (2) Colorgraphic, Osprey Comms., MERCHANT BANKS (1) Brown Shipley, METAL & METAL FORMING (1) Stainless Metalcraft, MISCELLANEOUS (1) Fitzwilton, MOTORS (1) Jacks (Wm), OIL & GAS (1) Brit. Borneo, OTHER FINANCIAL (2) Burlington, Lon. Finance, OTHER INDUSTRIAL MATERIALS (2) Ferromet, OMI, PACKAGING, PAPER & PRINTING (1) Tinsley Robor, PROPERTY (7) Britannia, Cap. & Counties, Chesterfield, Debenham Tewson & C., Fletcher King, MEPC, Wates City of Lon., TRANSPORT (1) P & O Defd., SOUTH AFRICANS (1) OK Bazaars, MINES (1) Plateau Mining.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	62	16	222	87	95
Other Fixed Interest	3	9	5	35	15	35
Commercial, Industrial	236	221	1,018	1,444	1,013	4,926
Financial & Property	107	81	602	641	451	2,866
Oil & Gas	15	18	59	86	97	277
Plantations	1	0	8	4	4	37
Mines	31	10	109	138	155	457
Others	19	54	58	179	224	252
Totals	414	455	1,875	2,749	2,046	8,945

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
[illegible]															
British Airways	8,200	270	+5	Harrisons Crosfield	1,100	108	-1	Reed Intl.	1,000	550	-2	Unigate	815	307	-1
British Gas	5,200	235	-3	Hillsdown	1,100	152	-1	Rentokil	71	355	-1	Unilever	1,400	941	+7
British Land	302	242	+1	IMI	516	240	+1	Reuters	531	1171	+8	United Biscuits	2,600	427	+8
BP	17,000	266	-1	ICI	857	1293	+9	Rolls Royce	1,500	140	-3½	Utd. Newspapers	74	373	
British Steel	8,000	72	-2	Inchcape	735	460	+12	Rothmans	230	1160	+4	Vodafone	2,300	354	-1
British Telecom	5,600	335	+½	Kingfisher	975	656	-1	Ryl Bk. Scotland	415	175	-1	Warburg (SG)	332	563	+7
Br. Telecom New	8,900	122	-1	Kwik Save	3,000	566	-12	Royal Insurance	5,500	183	-7	Wellcome	1,700	1126	+11
Bunzl	228	82		Ladbroke	1,900	233	-2½	Saatchi	2,700	16½		Welsh Water	155	400	
Burmah Castrol	197	525	+3	Land Securities	419	441	-2	Sainsbury	1,800	392	-2	Wessex Water	377	420	+1
Burton	9,000	41	+1½	Laporte	255	604	+2	Scottish & New	2,200	453	+2	Whitbread 'A'	6,100	460	-5
Cable & Wire.	1,800	504	+1	Legal & General	1,200	363	-6	Scot Hydro-Elect.	1,500	105		Williams Hldgs	1,400	303	-4
Cadbury Schweppes	1,100	476	+2	Lloyds Abbey	441	380	-2	Scottish Power	3,000	103		Willis Corroon	584	240	-2
Calor Group	380	187		Lloyds Bank	2,800	413	+8	Sears	1,000	103	-1	Wimpey	238	124	-2
Carlton Comms.	918	563	+12	LASMO	1,400	203	+3	Sedgwick	1,600	217	+4	Wolseley	439	440	+7
Coats Viyella	1,500	194	+2	London Elect.	81	284	+1	Seeboard	283	280		Yorkshire Elect.	419	332	
Comm. Union	258	459	+1	Lonrho	5,000	117	+3	Severn Trent Water	1,500	349		Yorkshire Water	583	406	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A FEELING of inertia descended on dealings in stock index futures with little in the way of economic data on which to focus, writes Joel Kibazo.

Having opened slightly lower than anticipated at 2,569, March initially slipped back in light selling before buying from independent traders led to a recovery, the contract going forward to 2,573 by lunchtime.

Improved buying was noted with Wall Street's firm opening, but talk of an opinion poll to be published this weekend showing a strong lead for the Labour Party was said to have halted any further advance.

Dealers noted an improved premium of about 3 points in the June contract. March closed at 2,576, around 7 points above estimated fair value premium of about 6. Turnover was 3,983 lots.

In traded options, turnover at 25,521 was surprisingly low for an expiry day. The FT-SE 100 index option was busy at 8,385 contracts.

British Steel was the busiest stock option. It traded 1,727 contracts with the April 60 calls, together with the April 80 calls, equally active. This was followed by British Gas which traded 1,415 lots. Amstrad, Midland Bank and British Aerospace were also active.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.6562	+0.641	10.05	10.07	10.23
BELGIUM		9.000	06/01	102.2500	+0.050	8.63	8.76	8.59
CANADA *		8.500	04/02	100.9000	-0.200	8.36	8.41	8.19
DENMARK		9.000	11/00	102.8700	-0.030	8.50	8.60	8.46
FRANCE	BTAN	8.500	03/97	99.2354	-0.114	8.68	8.73	8.57
	OAT	8.500	11/02	100.4547	-0.210	8.42	8.47	8.36
GERMANY		8.000	01/02	101.1500	-	7.82	7.94	7.83
ITALY		12.000	02/02	99.1800	-0.210	12.14†	12.27	12.22
JAPAN	No 119	4.800	06/99	95.3574	+0.004	5.70	5.68	5.54
	No 129	6.400	03/00	105.8212	-0.094	5.36	5.35	5.22
NETHERLANDS		8.250	02/02	100.3900	+0.030	8.18	8.33	8.32
SPAIN		11.300	01/02	103.7395	+0.090	10.65	10.76	10.76
UK GILTS		10.000	11/95	102-07	-02/32	9.40	9.45	9.54
		9.750	08/02	103-04	-05/32	9.28	9.34	9.42
		9.000	10/08	99-02	-09/32	9.11	9.16	9.18
US TREASURY *		7.500	11/01	101-05	+03/32	7.33	7.42	7.13
		8.000	11/21	101-23	+04/32	7.85	7.94	7.84

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday 27 February 1992

Water	+	13.80	Conglomerates	+	4.92
Food Retailing	+	11.27	Other Groups	+	4.07
Stores	+	11.25	Contracting,Construction	+	4.00
Media	+	11.11	500 Share Index	+	3.96
Building Materials	+	10.97	Transport	+	3.79
Textiles	+	9.85	All Share Index	+	3.45
Electronics	+	9.32	Electricity	+	3.07
Brewers and Distillers	+	9.14	Food Manufacturing	+	2.58
Motors	+	8.52	Investment Trusts	+	1.95
Hotels & Leisure	+	8.35	Engineering-Aerospace	+	1.70
Engineering-General	+	8.29	Telephone Networks	+	1.47
Capital Goods	+	7.45	Business Services	+	0.86
Chemicals	+	7.07	Insurance(Brokers)	+	0.13
Electricals	+	6.29	Financial Group	+	0.13
Merchant Banks	+	6.20	Health & Household	-	1.57
Other Industrial Materials	+	6.14	Insurance(Life)	-	1.99
Metals & Metal Forming	+	6.04	Property	-	6.43
Packaging, Paper & Printing	+	5.80	Oil & Gas	-	7.67
Consumer Group	+	5.72	Gold Mines Index	-	9.21
Industrial Group	+	5.53	Insurance(Composite)	-	10.65
Banks	+	5.43			

COMMODITIES

WEEK IN THE MARKETS

Chilean labour row boosts copper

THE COPPER market provided the main bright spot at the London Metal Exchange this week, with prices climbing to 2½-month highs.

The rise, which left the cash quotation £34.25 up at £1,295.50 a tonne, got under way on Monday following news of labour problems at the world's biggest underground copper mine, the Chilean Copper Corporation's (Codelco's) El Teniente. Output was affected that day as 2,000 of the 9,000 workers downed tools in protest at the sacking last weekend of 150 miners.

There have been no stoppages since then and talks have been held between management and union leaders. Codelco said these had reached "positive agreements", but hardline unions said they had not called off the protest plan. The possibility of further disruption helped to keep the upward pressure on copper prices at the LME, although that was partly counterbalanced towards the end of the week by talk that Russia had reduced duties on metal exports. London traders said yesterday they had no precise clarification on this but said it appeared that some revisions had been made, notably for crude nickel exports. No reductions had been announced for refined nickel or copper, the traders said, but they thought refined aluminium from the Krasnoyarsk and Bratsk smelters might have been exempted from export duty.

Both nickel and aluminium prices fell quite sharply in response. Cash nickel closed at $7,665 a tonne, down $250 on the day and $305 on the week. Cash aluminium was down $20 on the day at $1,298.50 a tonne, but that was still $3.50 up on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+7,975	to 1,115,050
Copper	-4,425	to 302,725
Lead	+1,400	to 133,100
Nickel	+492	to 21,432
Zinc	+4,100	to 203,250
Tin	-240	to 12,420

Sentiment in the aluminium market had earlier benefitted from copper's strength as a continuation of the recent rise lifted the cash price to a seven-month high of $1,322.50 on Wednesday. The announcement on Tuesday of a 20,450-tonne rise in LME warehouse stocks was shrugged off in the market, but in yesterday's bearish mood a further rise of 7,975 tonnes – to a record 1,115,050 tonnes – added to the downward pressure, though it was in line with expectations.

Zinc prices recovered some of their recent losses this week after *force majeure* was declared on shipments from Peru's biggest zinc refinery, Cajamarquilla. Minero Peru, the state company that owns the refinery, said output was being cut by power rationing. Last year Cajamarquilla produced 93,000 tonnes of zinc.

A further rise was encouraged on Wednesday by talk that Cominco of Canada planned to cut production at its Trail smelter, where it produces 270,000 tonnes of zinc and 110,000 tonnes of lead annually. The company later denied the rumours, but that did not halt the price rise. On Thursday Pasminco of Australian announced that it planned to dispose of its European assets, highlighting concern about the future of the 210,000 tonnes-a-year Budelco smelter on the Belgian-Dutch border, which it owns jointly with Billiton, the mining and metals arm of the Royal Dutch/Shell group. This helped to fuel the price rise and cash metal closed yesterday at $1,185.50 a tonne, up $21.50 on the day and $77 on the week.

A lethargic precious metals market was enlivened in mid-week by confusion about a development in the manufacture of exhaust-cleaning autocatalysts, the biggest single user of platinum. Corning, the US group, said it had developed a catalyst, using extruded powdered ceramics, that could meet the tough 1997 emission standards set by the Californian government.

Panic selling pushed the platinum price down by nearly $4 a troy ounce before Corning made it clear that its invention would be used in addition to, not instead of, platinum. The market quickly regained its losses and finished ahead on the day.

At the London Futures and Options Exchange there was no let-up in the misery of the robusta coffee market. With supplies continuing abundant and demand slack the May delivery price sank to a 17-year low of $787 a tonne at one stage, before ending the week $21 down on balance at $818 a tonne. According to a report published this week by E.D. & F. Man, the London trade house, coffee prices are likely to fall further before moving higher in a few months time.

"In all sectors [of the coffee market] the sentiment seems to be that while prices may recover during the course of the year, it is too dangerous to act now on the assumption that there will be no short-run downward moves," it warned.

Richard Mooney

APPOINTMENTS

NHBC builds on Europe

Sir Norman Fowler, the former minister for employment who resigned to spend more time with his family, has agreed to become chairman of the National House-Building Council.

He takes over from former Halifax chief executive John Spalding in May, by which time Sir Norman could be in opposition – or unable to take up the post because he is back in the cabinet. He laughs off the latter suggestion: "Goodness me. I haven't given that any thought."

NHBC, which provides insurance for owners of new homes, attracted him "because of its contribution to ensuring high standards in house-building, and because of the very good consumer protection it offers," he says.

The Council, in turn, was pleased to lure Sir Norman, as it thinks he will be useful in the course of its planned expansion into the Continent, where Britain is well ahead of most countries in the concept of new house insurance.

Sir Norman says he has "about four" other directorships but that he is reviewing existing commitments. He accepted NHBC "because I much prefer being chairman to doing anything else".

Trade and Industry secretary Peter Lilley is currently considering how to deal with a Monopolies and Mergers Commission report that an aspect of the council's rules is anti-competitive. Sir Norman says it has "all taken place before I arrived", and he insists that he does not expect to play any part in the deliberations now or later. He also points out that the European move reflects a recognition on NHBC's part that "life will not be entirely the same as before".

Non-executive directors

■ Wolf Cesman, a director of Liberty Life, at CAPITAL & COUNTIES. Ian Northen will retire in April.

■ Roger Boissier as chairman of KALON GROUP.

■ Harry Purchase at SHERWOOD COMPUTER SERVICES.

■ Bob Andrews and John Huntley are retiring from MARSTON, THOMPSON & EVERSHED.

■ Oliver Stanley, chairman and chief executive of Rathbone Brothers, at EQUITY & LAW.

■ Ronald Garrick, chief executive of Weir Group, at ScottishPower; he succeeds Ian Macdonald who resigns.

Bodies politic

■ Professor Anthony Jones is to become the new rector and vice-provost of the ROYAL COLLEGE OF ART from August 1. Jones, 47, was born in Wales and studied sculpture and painting at Newport College of Art and Tulane University, New Orleans. He was director of Glasgow School of Art for six years before becoming president of the School of the Art Institute of Chicago in 1986.

■ Brian Cook, md of Bankers Trust Co, has been elected chairman of the American Banking and Securities Association of London.

■ Robert Lacey has been appointed executive director for the Scottish branch of the BRITISH RED CROSS.

■ Richard Genochio, most recently general manager, public and government affairs, at Texaco in London, has been appointed the first chief executive of the DIRECT MARKETING ASSOCIATION.

■ Carmen Callil is appointed a governor of the MUSEUM OF LONDON.

■ John Southworth is appointed secretary and finance director of the Building Employers Confederation.

■ Roger Vaughan, joint chief executive of Swan Hunter, is appointed the 15th and final member of the NATIONAL CURRICULUM COUNCIL. Five of his seven children are still at state schools in Northumberland.

■ Roger Trotman, md of Tufnol, has been elected president of EEF West Midlands.

■ Graham Mackenzie, chief executive of United Engineering Steels, has been elected president of the Engineering Employers' Federation.

US forests branch out

Fountain Forestry, a private company managing some 350,000 acres of trees in the UK and the US for institutions and wealthy individuals, has made its US president Bruce Jacobs a director of Fountain Forestry Incorporated, a division of the group.

Based near Concord, New Hampshire, the 42-year-old American is managing primarily hardwood forests along the length of the Appalachians, from Vermont southwards.

With a degree in forestry and a period of research during which he developed a speciality in hardwoods, Jacobs came to Fountain from International Paper in 1984 and has been president of the US operations for a year.

As well as looking after some 150,000 acres of land, Jacobs will be recruiting new investors. A handful of US institutions put forests in their portfolios, but he will mostly be flying to seminars in the UK and Europe, selling chunks of US forest that are much cheaper than the UK equivalent because of prime growing conditions.

Fountain, with others, attained a degree of notoriety in the early 1980s for its afforestation of a remote corner of Scotland when the "green money-machine", operating for wealthy famous names ranging from media to snooker stars, caused an environmental furore.

Since then there has been "steady progress in reconciling commercial with environmental objectives," says Barry Gamble, managing director of the group. "Indeed, our management practices are now championed by conservation groups in the US."

Fountain is a management buyout company, in which Charterhouse Development Capital has a 20 per cent stake. Jacobs is not a shareholder; there are complications in giving share options to a US-based director.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

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80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Inc	6	120 2	120 2	127.5	(z)	8 12
High Inc Equity	6	125.5	128 5	136 7	(z)	6.22
Worldwide Bond	6	218 9	218 9	232 2	(z)	6.13
Capital Growth						
American Growth	6	216.5	216.5	231.5	(z)	.94
Asian Pacific	6	137 1	140 0	148 9	(z)	1.28
Assets & Earnings	6	184.2	184 2	197.0	(z)	3.18
Capital Reserve Acc	0	113 1	113 1	113 1	(z)	7.42
Capital Reserve Inc	0	89 40	89.40	89 44	(z)	7 42
Comdty & Energy	6	68 01	68 01	72 73	(z)	1 42
1992 Eurowrite	6	67 25	67 25	71 92	(z)	2.96
Euro Capital Acc	6	90 66	90 66	96.96	(z)	1.07
Euro Capital Inc	6	86 62	86 62	92 64	(z)	1 08
General	6	168 9	168 9	180 6	(z)	3.21
Japan	6	86.38	86.38	92.38	(z)	–
Mastertrust	6	90 38	90.38	96 66	(z)	2.46
UK Growth Acc	6	169.2	176 8	188.0	(z)	2.42
UK Growth Dist	6	107.5	112.4	119.5	(z)	2.46
US Emerging Cos	6	85 92	87 73	93 32	(z)	–
Income & Growth	6	294 7	294 7	315 1	(z)	4.44
Ethical	6	53 98	55 32	58 85	(z)	2.89
International	6	62 93	63.82	67.89	(z)	1.21
Dividend & Growth	6	46.59	47 68	50 72	(z)	5 91
Global Gwth & Sec	6	53.32	53 60	57 02	(z)	2.74

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	1097.0	1097 0	1161.0	–	–

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Amer Inc & Growth	5¼	31.58	31.58	33 43	-0 08	2.38
Cash	0	50.92	50 92	50 92	+0 01	9.54
European	5¼	71.36	71.36	75 69	-0 01	0 30
European Income	5¼	71 88	72.16	76 12	-0 21	1.61
Exempt	1	817 9	817 9	844 7	+5 8	4.83
Extra Income	5¼	36 41	36 41	39 57	-0 19	6.26
Far East Emerg Econ	5¼	55.02	55 02	58 96	+0 42	1.08

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA

Balanced Growth	6	78 89	79 75
Do (Accum)	6	84 49	85 42
Service Cos	6	65.10	65.10
Do (Accum)	6	69 14	69.14
Income Growth	6	40 03	40.03
Do (Accum)	6	57 64	57 64
Higher Yield	6	32.02	32.02
Do (Accum)	6	41.75	41 75
American Gth Inc	6	41.22	41 22
Do (Accum)	6	42.05	42.05
European Growth	6	25 76	25.76
Do (Accum)	6	26 48	26 48
Global Bond Inc	6	23 50	23.56
Do (Accum)	6	27 89	27 96
Managed P'folio Inc	6	26 90	26 99
Do Accum)	6	26 90	26 99

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth

Mngd P'folio Inc	6	78.54	78.54
Mngd P'folio Acc	6	145.8	145 8
UK General	6	119 4	119 4
Com & General	6	16 70	16 70
European Inc	6	21.12	21 12
European Acc	6	21.70	21 70
Financial	6	91.28	91.28
Foundation	6	61.34	62.86
German	6	37 20	37 20
Growth Inc (15-1)	5	23 90	23 92
Growth Acc (15-1)	5	27 20	27 22
High Income	6	57.03	57 92
Income	6	94.77	94.77
Intl Income	6	76.39	76 39
Intl Growth ♣	6	29 75	29 75
Monthly Income	6	53 40	55 46
North American	6	88 04	88 46
Orient ♣	6	85 98	85 98
Recovery	6	29 43	29 43
Smaller Cos Acc	6	195 4	195 4
Smaller Cos Inc	6	116 1	116.1

Brycourt Unit Tst Mgmt Ltd
Hesketh Hse, Portman Sq, W1H 0JR

Income Growth	1	176.5	174.5

Buckmaster Mangmt Co Ltd
15 St Botolph Street, London EC3A 7JJ

Maiden Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

Maiden General	0	103.9	103 9	107.3		5.43

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (●) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

INDICES

NEW YORK

DOW JONES

	Feb 27	Feb 26	Feb 25	Feb 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3269.45	3283.82	3257.83	3282.42	3283.82 (26/2)	3172.41 (2/1)	3283.82 (26/2/92)	41.22 (2/7/32)
Home Bonds	99.37	98.95	98.67	98.56	99.81 (6/2)	98.56 (24/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1432.17	1443.76	1430.12	1451.79	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.87	205.81	204.56	203.74	225.59 (3/1)	203.74 (24/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3300.54 (3305.01) Low 3251.79 (3246.20)

STANDARD AND POOR'S

	Feb 27	Feb 26	Feb 25	Feb 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.26	415.35	410.45	412.27	420.77 (15/1)	407.38 (18/2)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.45	494.42	488.17	490.59	499.27 (15/1)	483.91 (18/2)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.88	34.81	34.45	34.63	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.75	229.23	226.68	227.62	231.85 (15/1)	225.65 (18/2)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	416.09	413.97	409.78	411.80	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	633.95	632.40	621.40	624.93	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 21	Feb 14	Feb 7	year ago (approx.)
Dow Industrial Div. Yield	2.78	2.82	2.88	3.47

	Feb 26	Feb 19	Feb 12	year ago (approx.)
S & P Industrial div. yield	2.57	2.60	2.54	2.19
S & P Indl. P/E ratio	29.03	25.03	25.61	17.77

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Glaxo	4,399,000	28¼	- ¼
Warner-Lambert	3,854,600	64¼	- 4¼
Conagra	3,196,400	28	- 2½
Philips	2,439,700	20⅞	+ 2⅞
RJR Nabisco	2,399,000	10⅛	- ⅛
Pfizer	2,229,500	73¼	- 2¼
Home Shop	2,179,500	8⅛	- .....
Telefonos	2,063,600	57⅞	-
BancTexas	1,977,700	2⅛	- ⅛
Masco	1,936,900	26⅞	- 1

TRADING ACTIVITY

† Volume (Millions)	Feb 27	Feb 26	Feb 25
New York SE	215.050	240.690	206.584
Amex	16.387	18.990	14.336
NASDAQ	205.537	225.030	194.495
NYSE			
Issues Traded	2,233	2,302	2,203
Rises	905	1,139	654
Falls	796	577	1,056
Unchanged	532	486	493
New Highs	108	102	44
New Lows	13	12	27

CANADA

TORONTO

	Feb 27	Feb 26	Feb 25	Feb 24	1992 HIGH	1992 LOW
Metals & Minerals	3094.21	3126.27	3107.15	3143.17	3238.87 (16/1)	2935.22 (2/1)
Composite	3584.08	3580.46	3544.90	3543.30	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1883.31	1884.47	1865.08	1863.92	1937.59 (16/1)	1851.90 (20/2)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 28	Feb 27	Feb 26	Feb 25	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1614.2	1623.2	1638.1	1639.8	1675.60 (15/1)	1590.90 (7/2)
All Mining (1/1/80)	700.6	708.2	716.0	717.2	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	453.27	453.35	451.87	457.17	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	1089.14	1087.22	1081.59	1094.02	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1210.55	1205.92	1197.99	1193.64	1210.55 (28/2)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	347.54	349.17	349.61	350.06	365.29 (15/1)	347.54 (28/2)
FINLAND						
HEX General (28/12/90)	907.9	912.1	912.6	923.3	935.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	526.54	528.76	520.25	524.51	528.76 (27/2)	475.53 (2/1)
CAC 40 (31/12/87)	1983.38	1985.12	1981.31	1953.53	1985.12 (27/2)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	709.75	708.76	704.29	701.69	709.75 (28/2)	643.26 (8/1)
Commerzbank (1/12/53)	2010.90	2008.5	1995.4	1987.8	2010.90 (28/2)	1803.80 (8/1)
DAX (30/12/87)	1745.13	1749.90	1737.27	1722.30	1749.90 (27/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4929.06	4895.13	4794.71	4760.20	4929.06 (28/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1421.87	1423.12	1447.63	1430.70	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	536.03	540.50	542.74	545.04	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1058.0	1064.0	1068.0	1074.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	21338.81	21333.70	21364.77	21025.56	23801.18 (6/1)	20618.30 (19/2)
Tokyo SE (Topix) (4/1/68)	1554.49	1553.65	1552.01	1535.97	1763.43 (6/1)	1520.62 (19/2)
2nd Section (4/1/68)	2351.75	2352.82	2347.95	2336.96	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	605.06	600.66	603.16	602.29	619.06 (28/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	293.0	292.9	291.9	292.0	293.00 (28/2)	274.00 (8/1)
CBS All Shr (End 1983)	205.8	205.4	205.0	204.3	205.80 (28/2)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	673.35	675.44	668.54	667.88	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1183.67	1201.11	1193.48	1215.15	1309.30 (17/1)	1139.36 (20/2)
SINGAPORE						
SES All-Singapore (2/4/75)	395.97	394.89	398.11	399.84	416.99 (21/1)	394.89 (27/2)
SOUTH AFRICA						
JSE Gold (28/9/78)	1239.04	1229.0	1198.0	1214.0	1527.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4418.04	4401.0	4362.0	4348.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	614.99	624.36	621.42	632.07	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	266.51	264.68	262.34	259.54	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	940.40	935.4	927.3	927.2	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	809.5	806.2	805.0	800.0	809.50 (28/2)	748.50 (8/1)
SBC General (1/4/87)	649.9	646.4	646.0	643.3	649.90 (28/2)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5031.69	5019.22	4951.50	4987.73	5391.63 (30/1)	4492.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	782.85	780.19	799.97	810.45	816.50 (17/2)	711.83 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	515.6*	515.0	513.3	509.1	542.10 (7/1)	506.80 (19/2)
Euro Top-100 (26/6/90)	939.92	938.50	935.64	929.26	939.92 (28/2)	870.31 (2/1)

**Saturday February 22. Taiwan Weighted Price 5074.80, Korea Comp Ex. 640.96.
*Calculated at 15.00 GMT.
♦ Subject to official recalculation
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

US stocks lifted by upward revision of GDP

Wall Street

US STOCK markets finished a volatile week in strong form yesterday after better news on consumer confidence and an upward revision of fourth quarter gross domestic product lifted investor sentiment, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was up 21.69 at 3,291.14, on course to setting a new closing record. The more broadly based Standard & Poor's 500 was also higher at midsession, up 2.04 at 415.90, while the Nasdaq composite of over-the-counter stocks firmed 2.03 to 635.98. Turnover on the NYSE was 114m shares by 1pm.

After a raft of conflicting economic statistics in recent days, yesterday's news helped the market end the week on an economically upbeat note. The revision in fourth quarter GDP was expected, but the change from the original estimate of a 0.3 per cent rise in GDP to a 0.8 per cent rise was bigger than anticipated.

The additional news which buoyed up sentiment was the University of Michigan's consumer confidence index for February, which showed a modest improvement in sentiment and helped offset Tuesday's big drop in consumer confidence as measured by the Conference Board.

Auto stocks were in demand after Merrill Lynch, the big securities house, upgraded its intermediate-term rating on the big three manufacturers from "neutral" to "above average". The upgrade lifted General Motors \$1⅞ to \$38, Chrysler \$¾ to \$17 and Ford \$1⅞ to \$37⅞.

May Department Stores rose \$¾ to \$62⅞ on the news that the company plans to dissolve a real estate partnership with Prudential Insurance which will allow May to take a \$200m pre-tax gain in its second quarter earnings.

Coca-Cola rose \$1 to \$82½ after investors shrugged off news of a multi-million dollar lawsuit filed by 7-Up Company alleging that Coca-Cola was disrupting 7-Up's arrangements in the lemon and lime segment of the soft drinks market.

Callaway Golf, makers of the popular Big Bertha range of golf clubs, enjoyed an impressive first full day on the market. The stock was trading at \$32⅞ at midday, well up on the initial offering price of \$20.

Home Shopping Network jumped \$½ to \$8¾ on the news that the cable television group is in talks about a possible merger with rival shopping network QVC (down \$⅞ at \$18⅜).

On the over-the-counter market, MCI Communications rose \$1⅞ to \$36 in turnover of 2m shares after the company won a two-year contract to provide long-distance telephone services to all departments and agencies of the US federal government.

Novell slipped \$1¼ to \$61⅞ as investors reacted with disappointment to the company's fiscal first quarter net income of 34 cents a share.

SunWest Financial Services rose \$2¼ to \$32¼ after the New Mexico-based finance group said it was considering merger proposals from several parties.

Canada

TORONTO remained within a narrow five-point range at midsession after opening higher. The TSE index rose 9.6 to 3,598.6 with advances leading declines by 147 to 116 in volume of 15.7m shares.

EUROPE

Senior bourses ease in pre-weekend trade

SENIOR BOURSES traded quietly ahead of the weekend, while Brussels and Zurich closed at their year's highs, *writes Our Markets Staff.*

FRANKFURT eased back after a firm performance this week. Dealers reported position unwinding ahead of the weekend and Düsseldorf's closure on Monday for Carnival. The FAZ index, calculated at midsession, showed a small rise of 0.99 to 709.75 for a gain of 1.9 per cent on the week, while the DAX index fell 4.77 to 1,745.13, up 1.6 per cent on the week. Turnover fell to DM6.0bn from DM8.5bn.

Analysts said that underlying sentiment remained positive. Mr Gary Dugan, European strategist at Baring Securities, said a visit to the Bundesbank this week reinforced his favourable stance towards interest rate-sensitive stocks, such as banks and insurers. He said that German inflation was likely to peak at 4.6 per cent in March, below previous estimates of 5 per cent, and fall further by mid-year. Money supply, which grew at an annualised rate of 9 per cent in January, should also be back within the Bundesbank's 5½ per cent target by mid-year. These factors increased the possibility of an interest rate cut in the second half, Mr Dugan said.

Klöckner-Werke weighed on the steel sector, falling as low as DM116.50 on Thursday's news that it would pass the dividend on 1990/91 results. Analysts were surprised that the stock fell so much because the decision had not been unexpected. The stock closed DM5.90 lower at DM118.90. Thyssen lost DM1.60 to DM232.90 and Preussag slipped DM2.30 to DM384.70.

The car sector gave back some of the week's gains, with Daimler-Benz down DM4.30 at DM757.50 and BMW DM4 off at DM562.50.

PARIS ended slightly lower as the expiry of monthly options contracts brought the market off the day's highs. The CAC-40 index went as high as 1,995.59 before closing down 1.74 at 1,983.38, up 1.1 per cent on the week, in pre-weekend turnover of FFr2.8bn.

Blue chips were mixed. Michelin added another 60 centimes to FFr172 on volume of 328,150 shares after touching a new 1992 intraday high of FFr173. Elf rose FFr1.50 to FFr390 with 297,900 shares traded but Total fell for the second day running, closing FFr5 down at FFr243.

MILAN ended lower on a lack of interest before the weekend. The Comit index fell 4.47 to 536.03, hardly changed on the week, in turnover estimated near to Thursday's L95.8bn.

The insurance and banking sectors continued to be weak. Banco di Roma fell 3.5 per cent or L90 to L2,335, while Banco di Santo Spirito dropped 3.4 per cent or L90 to L2,550 following Wednesday's news of a one-for-one share exchange. Generali dropped L525 to L30,950 and Ras fell L124 to L22,471. But Sai rose L535 to L15,700.

AMSTERDAM was generally quiet and the CBS Tendency Index closed unchanged at 126.6, a 0.4 per cent rise on the week. Nedlloyd, the transport group, rose Fl 2.4 or 3.8 per cent to Fl 64.20 after news that European shipping lines were to co-operate in an effort to improve freight rates on Far East lines.

Philips remained strong following Thursday's results and closed up Fl 0.80 at Fl 36.40, although down from the day's high of Fl 36.80. KLM showed a slight improvement after Thursday's announcement that merger talks with British Airways had failed: it was up Fl 0.40 or 1 per cent to Fl 38.60.

Fokker's results, which showed a 4.3 per cent rise in 1991 net profits, and the announcement that it would pay a dividend for the first time since 1986, came after the market had closed. It finished down Fl 0.10 at Fl 31.70.

ZURICH, led higher by UBS reporting a 36 per cent rise in 1991 profits, recorded a year's high. The SPI Index closed up 6.0 at 1,149.6, a rise of 1.4 per cent over the week. UBS bearers gained SFr80 to SFr3,930. Nestlé bearers lost SFr20 to SFr9,490 on profit-taking.

BRUSSELS followed early gains in Paris and Amsterdam. The Bel-20 index closed at the year's high, up 4.63 at 1,210.55, a rise of 2.3 per cent on the week. Turnover was BFr1.15bn. Petrofina gained BFr75 to BFr10,625.

OSLO ended weaker with interest focused on Den Norske Bank after its shares were briefly suspended on concerns over its capital adequacy. The All-Share Index closed down 1.97 at 412.31 in turnover of NKr133m, a fall of 0.5 per cent on the week. DnB finished down NKr0.6 at NKr6.4, having traded at NKr5.30 prior to its suspension. The bank had reported earlier this month that 1991 net losses had risen threefold to NKr4.32bn after credit losses had swelled to NKr5.58bn.

STOCKHOLM took some optimism from expectations that the central bank may soon cut interest rates. The Affärsvärlden General Index closed up 5.0 at 940.4, a gain of 0.9 per cent on the week. Turnover was SKr445m against SKr502m.

MADRID also rose on hopes of further interest rate cuts, and a stronger opening on Wall Street. The general index closed up 1.83 at 266.51, a rise of 2.9 per cent on the week. Turnover was estimated at some Pta20bn.

ISTANBUL fell as the rising dollar prompted selling by investors wanting to switch into the currency market. The 75-share market index closed at 3,664.36, down 91.61 on the day and 8.06 per cent lower on the week.

FT-SE Eurotrack 100 - Feb 28

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1170.16	1169.06	1170.58	1170.76	1170.73	1169.30	1170.65	1169.95

Day's High 1170.98 Day's Low 1168.70

Feb 27	Feb 26	Feb 25	Feb 24	Feb 21
1167.26	1165.89	1156.42	1163.91	1154.51

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG remained generally steady, with gold stocks showing strong gains following the rise in the bullion price. The all-gold index added 10 to 1,239. The overall index rose 15 to 3,597, while industrials put on 17 to 4,418.

ASIA PACIFIC

Investors focus on food and drug sectors

Tokyo

THE NIKKEI gained marginally as investors focused on the pharmaceutical and food sectors, *writes Emiko Terazono in Tokyo.*

The Nikkei average edged up 5.11 to 21,338.81, up 0.2 per cent on the week. Volume fell to 180m shares from 220m as dealers retreated to the sidelines ahead of the weekend.

Advances led declines by 467 to 466 with 185 issues unchanged. The Topix index of all first section stocks rose 0.84 to 1,554.49 and in London trading, the ISE/Nikkei 50 index rose 0.17 to 1,185.90.

Hopes that a cut in the discount rate by the Bank of Japan would encourage individuals to shift funds from bank deposits to equities helped market sentiment.

Institutional investors were seen buying drug-related shares in small lots. Mochida Pharmaceutical, the most active issue of the day, rose Y400 to Y3,320. Companies involved in Aids research continued to gain, with Morinaga Milk Products up Y15 to Y710.

Mr Kaoru Shimura, head of securities management at Sumitomo Life, said institutions were likely to buy actively if the market showed signs of a recovery. "Profits on long-term holdings have already been locked in ahead of the March book-closing, but we are looking to improve returns on short-term holdings," he said.

Some high-technology issues were slack on continued earnings concerns. Hitachi fell Y10 to Y840 and Toshiba lost Y2 to Y610.

Nippon Telegraph and Telephone fell Y16,000 to Y712,000 after the finance ministry said that it was postponing a public sale of the remaining stock scheduled for the current fiscal year. The issue had risen recently on hopes of a stock split.

The Tokyo Stock Exchange (TSE) announced that individual investors remained net buyers of stock for the second consecutive week. In the week ending February 21, individuals bought a net Y70.2bn, while institutional investors remained net sellers for the fourth consecutive week.

The TSE also said that the average daily share volume on the first section fell to 196m shares in February, the lowest since June 1982, when the daily average fell to 172m shares.

In Osaka, the OSE average lost 14.02 to 22,955.57 in volume of 48.2m shares.

Roundup

THE Pacific Rim was mixed ahead of the weekend, though Hong Kong recorded its third consecutive record high.

HONG KONG shed early gains on profit-taking and the Hang Seng Index closed up 33.93 at 4,929.06, a 4 per cent rise on the week. Turnover was HK\$4.06bn against HK\$3.77bn. In the property sector Cheung Kong rose 30 cents to HK\$21.90, while Hongkong Telecom gained 20 cents to HK\$8.40.

KUALA LUMPUR consolidated its recent rise. The composite index rose 4.40 to 605.06, but down 1.7 per cent on the week. Carlsberg put on 30 cents to M\$12.10 after announcing good 1991 results.

SINGAPORE remained cautious ahead of the budget. The Straits Times Industrial Index closed up 5.52 at 1,477.43 in turnover of S\$48m, but down 2.7 per cent over the week.

SEOUL fell on local reports that the government was making large companies produce consolidated financial statements. The composite index lost 9.37 to 614.99, down 2.8 per cent on the week, in turnover of Won303.8bn after Won262.9bn.

TAIWAN rose as investors regained some confidence: the weighted index closed up 12.47 at 5,031.69, a 1.6 per cent rise on the week. Turnover fell to T\$27.8bn from T\$37.5bn.

MANILA was unmoved by good 1991 results from San Miguel and the composite index fell 17.44 to 1,183.67, but still 2.2 per cent ahead on the week. Turnover was 140.2m pesos against 174.1m pesos.

AUSTRALIA was pushed lower by industrial stocks. The All Ordinaries Index fell 9.0 to 1,614.2, 0.4 per cent down on the week. Turnover was A\$381.9m. Brambles Industries fell to a 10 month low, closing down 60 cents at A\$16.20, after reporting a 13 per cent decline half-year net profits.

NEW ZEALAND closed weaker, the NZSE-40 down 1.91 at 1,493.21, down 0.4 per cent on the week. Fletcher Challenge fell 5 cents to NZ\$3.33.

Dow waits for reality to catch up with hopes

Patrick Harverson on the prospects for US equities

It may seem an odd statement to make after a week when the Dow Jones Industrial Average twice reached record highs, but the recent rally in US stock markets appears to be running out of steam.

In the month from December 20, when the Federal Reserve cut interest rates to their lowest levels for almost three decades, prompting a stampede into equities by yield-hungry investors, the Dow Jones gained 11 per cent, setting a number of new records.

Since mid-January, however, the Dow has gained less than 1 per cent, oscillating uncomfortably in a 30-point trading range either side of 3,250. It showed signs of breaking above this range in early trading yesterday, following Wednesday's record high of 3,283.32.

An all-time high for the Dow can always be relied on to catch the headlines. But the ability of blue-chip stocks to reach previously unscaled heights should not distract investors from warning signs that the market rally – which transformed 1991 from merely a good into an outstanding year for investors – is looking vulnerable.

Mr Robert Doll, a senior investment manager at the New York-based fund group Oppenheimer, provides one theory: "The first, monetary phase of the bull market, when it reacted to lower interest rates and ignored the real world, is behind us. We are now in the second phase, when the market becomes earnings-driven."

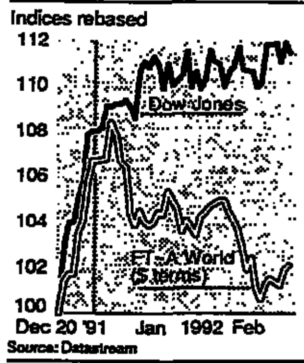
In other words, investors are waiting for reality to catch up with expectations. The surge in demand for equities late last year was fuelled by two factors: lower interest rates, which made short-term financial assets (such as bank certificates of deposit, money market funds and shorter-dated treasury securities) less attractive to investors; and hopes for a recovery in the economy and corporate profits by the summer.

Those factors are no longer in play. The fuel from the first – lower interest rates – has probably run dry, although a distressing fall in January consumer confidence earlier this week did briefly revive speculation that the Fed would ease its monetary policy one more time. The consumer confidence shock aside, the more measured opinion among observers is that the authorities are satisfied with current policy, and that the chances of another reduction in short-term interest rates are less than 50 per cent.

Regarding hopes of an imminent recovery in the economy, a great deal of fuss was made a week ago when a string of statistics suggested that economic activity had picked up at the start of the year. Retail sales rose in January for the third month running, early February car sales showed a bigger-than-expected increase and money supply had grown at above-target rates since the new year.

US

Indices rebased



Source: Datastream

The figures were immediately seized upon by the Bush administration as evidence of a turnround in the country's economic fortunes. The stock market, however, was less convinced, especially after Thursday's news of a rise in weekly unemployment claims. It is clear that investors want proof, and hard proof at that, of an economic recovery before taking another big plunge into the market.

Waiting for that proof could test the market's patience severely. Mr David Mullins, vice-chairman of the Fed, provided the best analysis of the current state of the economy this week when he told a group of business economists that while there were no signs of a further deterioration in the economy, there was also "no convincing evidence of any self-reinforcing process of recovery".

The economy is thus stuck in a half-way house: beyond the bottom of the recession but not yet comfortably in the upswing. Until it moves on, investors are unlikely to regain their appetite for stocks.

There are two possible saviours for the market's bulls: liquidity, and politics.

The influence of liquidity on the market in the past few months cannot be understated. Both institutional and especially individual investors bought stocks in December and January because they had a lot of cash on their hands and nowhere particularly attractive to put it after yields on short-term assets had dropped to historically low levels.

There may also be plenty more cash left outside the market. According to estimates compiled by the New York analytical firm Birinyi Associates, at least \$150bn of individual investors' assets remain in short-term money market funds managed by securities houses. This is just the kind of money that is likely to switch into equities if interest rates remain low and, if just a fraction of that total went into the stock market, it would have a big impact.

Finally, there is the political factor, which in this election year could be a significant influence on market sentiment. Conventional wisdom is that the market hates Democrats and likes Republicans.

The early signs of President Bush's electoral vulnerability in the New Hampshire primary, when the television commentator Mr Patrick Buchanan picked up almost 40 per cent of the Republican vote, actually gave a boost to share prices.

The thinking among investors was crafty: the more vulnerable Mr Bush looks, the more likely he is to pressure the Fed to lower interest rates and increase his efforts to ensure that a tax-cutting package passes through Congress. If either happened, the long-awaited recovery might be brought that much closer.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
8pc 1992 ‡‡		99 15/32	—	99 11/16	95 11/16	8.03	10.07
10½pc Cv 1992‡‡		100	−1/16	100 13/32	98½	10.50	10.07
3pc 1992		98 13/16	−1/32	98½	91 1/16	3.05	8.01
Exch 12¼pc 1992		101¼xd	−1/32	102 3/32	100⅝	12.11	9.82
13½pc 1992		101 13/32xd	−⅛	104⅛	101 11/32	13.24	9.76
Treas 8¼pc 1993		98 13/16	—	98 13/16	94	8.34	9.36
10pc 1993‡‡		100½	—	100¾	97 1/32	9.96	9.52
12½pc 1993‡‡		103¾	—	104¾	102⅞	12.05	9.52
Funding 6pc 1993‡‡		96 5/32xd	—	96 5/32	89⅝	6.23	8.57
Treas 13¾pc 1993‡‡		106 3/32	—	106 3/32	105⅝	12.90	9.51
8½pc 1994		98½	+1/16	98½	92 11/16	8.63	9.37
14½pc 1994‡‡		109⅞	—	111⅛	108 1/16	13.32	9.55
Exch 13½pc 1994		107½	—	109	105 27/32	12.56	9.55
Treas. 10pc Ln. 1994‡‡		101⅛	—	101 1/32	98 13/32	9.89	9.43
Exch 12½pc 1994		106 13/32	—	107⅛	103⅞	11.75	9.56
Treas 9pc 1994‡‡		99⅛	—	99⅛	93¼	9.08	9.35
12pc 1995		106¼	—	106 13/16	102 3/16	11.29	9.49
Exch 3pc Gas 90–95		89	—	89	82¼	3.37	6.89
10¼pc 1995		102¼	—	102 21/32	98 13/32	10.02	9.46
Treas 12¾pc 1995‡‡		109 31/32	−1/16	110 13/32	105⅞	11.59	9.48
14pc 1996		113⅝	−1/32	114 3/16	109 23/32	12.32	9.69
9pc 1992–96‡‡		100xd	—	100	92 13/32	8.80	9.00
15¼pc 1996‡‡		118 31/32	−⅛	119 31/32	115 11/16	12.85	9.67
Exch 13¼pc 1996‡‡		112 5/16	−⅛	112 23/32	108	11.80	9.60
Conversion 10pc 1996		102 3/16	−1/32	102 3/32	95 13/16	9.79	9.39
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		114 1/16	−⅛	114 5/16	108 11/16	11.62	9.55
Exch 10½pc 1997		104⅛	−⅛	104½	97¼	10.06	9.36
Treas 8¾pc 1997‡‡		97 23/32	−1/16	97 23/32	89 13/32	8.96	9.27
Exch 15pc 1997		122⅝	−1/32	123 3/16	117	12.24	9.70
9¾pc 1998		101 11/32	−1/32	101 13/16	93 13/32	9.59	9.35
Treas 6¾pc 1995–98‡‡		89 13/16	−1/16	90⅛	80⅝	7.51	8.89
15½pc '98‡‡		128 13/32xd	−1/32	128⅞	121¼	12.07	9.56
Exch 12pc 1998		112¼	−1/32	112 23/32	104⅛	10.69	9.47

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101 13/32	−1/32	101⅝	92 15/32	9.37	9.20
Exch 12¼pc 1999		113 13/32xd	−1/32	114 1/16	105 23/32	10.76	9.48
Treas 10½pc 1999		105 13/32	−1/16	105 13/16	97 1/16	9.98	9.38
Conversion 10¼pc 1999		104⅝	−¼	104⅞	95 13/16	9.80	9.37
9pc 2000‡‡		98 13/16xd	−¼	99 1/16	89⅝	9.11	9.20
Treas 13pc 2000		119½	−1/32	119 23/32	110½	10.88	9.55
10pc 2001		104 5/16xd	−1/32	104 3/16	94 3/16	9.61	9.30
14pc '98–01		119 13/16	−1/32	120 1/32	113 1/16	11.68	9.67
9¾pc 2002		103 1/16	−1/32	103 3/16	92 13/16	9.46	9.27
9¾p 2002 C		69 1/32	−¼	69 3/32	65	9.48	9.27
10pc 2003		105xd	−11/32	106 15/32	94 3/16	9.52	9.27
Treas 11½pc 2001–04		111 13/32xd	−1/32	112 1/16	102	10.29	9.51
Funding 3½pc '99–04		62 7/32	−1/16	63 1/16	53 1/16	5.57	8.36
Conversion 9½pc 2004		101 15/32	−11/32	102 1/16	90 11/16	9.35	9.25
9½pc 2004 A		101 13/32	−11/32	102 1/16	96 13/32	9.35	9.25
9½pc 2005		101 13/16	−1/16	102¼	90 13/16	9.33	9.23
Treas 12½pc 2003–05		122⅛	−11/32	122 13/32	117	10.21	9.30
8pc 2002–06‡‡		90 1/32	−⅛	90 13/32	79 11/16	8.88	9.23
Over Fifteen Years							
Treas 11¾pc 2003–07		115 13/16	−13/32	116⅞	105 15/16	10.09	9.30
8½pc 2007 ‡‡		94 15/32	−1/32	95	84 5/16	8.97	9.14
8½pc 2007 A		94 11/16	−1/32	94 31/32	91 7/16	8.98	9.16
13½pc '04–08		129 13/32xd	−15/32	130 13/32	118 13/32	10.38	9.30
9pc 2008 ‡‡		99	−11/32	99 1/16	88 13/32	9.09	9.10
8pc 2009		90 3/32xd	−11/32	90 13/32	80	8.85	9.10
Conv 9pc Ln 2011 ‡‡		99 1/16	−11/32	99 13/32	88 3/32	9.09	9.09
9pc 2011 B		99 1/16	−1/32	99 7/16	93 13/32	9.09	9.09
Treas. 9pc 2012		49 1/16	−1/16	50¼	49⅝	9.87	9.08
Treas 5½pc 2008–12‡‡		67xd	−¼	67¼	58 7/16	8.21	9.06
7¾pc 2012–15‡‡		86 31/32	−11/32	87⅛	76 13/16	8.93	9.13
Exch 12pc '13–'17		126 21/32	−15/32	127 1/16	113 5/16	9.47	9.14
Undated							
Consols 4pc		42¼	−1/16	42 7/16	37 13/16	9.47	—
War Loan 3½pc‡‡		37 13/16	−⅛	38 1/16	33 3/16	9.28	—
Conv 3½pc '61 Aft		61¼xd	−⅛	61 7/16	57¾	5.71	—
Treas 3pc '66 Aft		31 3/16	−1/32	31½	28¼	9.58	—
Consols 2½pc		28 13/16	−1/16	28 13/32	23⅝	9.40	—
Treas. 2½pc		26 3/16xd	−1/16	26½	23 13/16	9.59	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	124 13/16	—	124 13/16	115 3/16	2.14	3.31
2pc '96	(67.9)	181 7/16xd	+1/16	181 1/16	168 13/16	3.04	3.65
2½pc '01	(78.3)	148¾xd	−1/16	148 13/16	137 3/16	3.83	4.14
2½pc '03	(78.8)	142	−1/16	142 1/16	133	3.95	4.22
2pc '06	(69.5)	142 5/16	−1/16	144	135	4.09	4.30
2½pc '09	(78.8)	130 13/16	−1/16	131½	124 3/16	4.13	4.32
2½pc '11	(74.6)	134⅝xd	−1/16	135 1/16	128 1/16	4.14	4.32
2½pc '13	(89.2)	110 13/16	−1/16	111 1/16	105⅞	4.15	4.31
2½pc '16	(81.6)	117⅞	−1/16	118 13/16	113 13/16	4.14	4.30
2½pc '20	(83.0)	112 13/16	−1/16	113 13/16	109½	4.14	4.28
2½pc '24‡‡	(97.7)	93½	−1/16	95¼	90 13/16	4.13	4.26

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135.6

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		111 7/16	−1/32	111½	95⅞	10.70	9.77
Asian Dev 10¼pc 2009		106 13/16	−1/32	106 13/16	91⅞	10.33	9.56
B'ham 11½pc 2012		106½	—	106½	100½	11.33	10.71
Ireland Cap 8½pc '10		99¼	+⅛	99¼	88½	8.88	—
9pc Cap 1996		99⅝	+⅛	99⅝	93	9.17	—
13pc '97–02		116¼	+¼	116¼	109½	11.35	—
Hydro Quebec 15pc 2011		137 5/16	−11/32	137½	120 13/16	15.0	10.46
Int-Am Dev 12½pc 2003		118 1/32	−1/32	118 3/32	105 13/32	11.09	9.74
9¾pc 2015		100⅞	−1/16	101 1/16	86⅞	10.37	9.64
Leeds 13½pc 2006		118¼	—	119½	110½	11.69	10.84
Liverpool 3½pc Irred		30½	−¼	31	28	11.67	—
LCC 3pc '20 Aft		28	—	28	26	11.11	—
Manchester 11½pc 2007		107¼	—	107¼	97½	11.27	10.54
Met. Wtr 3pc 'B'		53	—	55¼	52	5.77	9.78
N'wide Anglia 3⅞pc 2021		105¾	−¼	106¼	102	—	5.45
4¼pc IL 2024		106	−¼	107¼	104	—	5.17
Utd Mex States 16½pc 2008		125xd	−½	126	101	13.33	12.81

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	THURSDAY FEBRUARY 27 1992: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY FEBRUARY 26 1992: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	146.32	+0.0	123.61	119.68	125.06	128.78	−0.9	4.29	146.30	124.23	119.90	125.69	129.95	160.31	112.74	133.04
Austria (20)	180.66	−0.6	152.64	147.80	154.43	154.53	−0.9	1.87	181.70	154.29	148.91	156.11	156.01	222.37	153.86	216.92
Belgium (46)	140.39	+1.5	118.60	114.82	119.99	116.85	+0.7	5.04	138.34	117.47	113.36	118.85	115.99	151.20	118.04	150.22
Canada (115)	136.10	+0.1	114.98	111.32	116.32	116.34	+0.1	3.19	135.94	115.43	111.40	116.78	116.25	144.28	126.49	137.65
Denmark (36)	246.00	−0.1	207.82	201.22	210.26	213.46	−0.5	1.66	246.36	209.20	201.91	211.66	214.45	273.94	217.74	264.55
Finland (15)	85.82	+1.1	72.50	70.20	73.35	80.64	−0.1	2.46	84.90	72.09	69.58	72.94	80.69	125.15	73.32	113.79
France (108)	155.71	+0.7	131.54	127.36	133.08	136.48	+0.2	3.25	154.57	131.25	126.67	132.78	136.20	155.71	119.11	148.88
Germany (65)	120.15	+1.2	101.50	98.29	102.69	102.69	+0.7	2.25	118.69	100.78	97.28	101.97	101.97	125.35	94.15	121.31
Hong Kong (55)	203.05	+2.1	171.53	166.08	173.55	202.29	+2.1	3.79	198.83	168.83	162.94	170.82	198.14	203.05	119.62	144.28
Ireland (16)	162.71	+0.5	137.45	133.09	139.07	141.35	+0.0	3.61	161.94	137.51	132.71	139.12	141.29	182.46	132.88	172.36
Italy (77)	76.08	+0.1	64.27	62.23	65.02	70.12	−0.4	3.30	75.99	64.53	62.27	65.28	70.39	88.23	64.76	86.19
Japan (473)	118.05	+0.3	99.73	96.56	100.91	96.56	+0.1	0.88	117.67	99.92	96.44	101.11	96.44	146.97	116.27	144.33
Malaysia (68)	243.45	−0.4	205.66	199.12	208.07	242.79	−0.5	2.74	244.54	207.65	200.40	210.08	244.07	250.18	189.18	229.44
Mexico (18)	1733.70	+3.0	1464.60	1418.10	1481.82	5801.31	+3.0	0.96	1683.19	1429.26	1379.44	1446.08	5632.28	1733.70	534.45	602.34
Netherland (31)	151.15	+0.8	127.69	123.64	129.20	127.63	+0.2	4.30	150.03	127.39	122.95	128.90	127.36	156.48	125.70	143.06
New Zealand (14)	46.48	+0.7	39.27	38.02	39.73	45.08	−0.4	6.10	46.14	39.18	37.81	39.64	45.24	54.64	41.18	48.77
Norway (24)	163.21	+1.2	137.87	133.50	139.50	142.99	+1.1	1.71	161.26	136.93	132.16	138.54	141.50	223.24	157.06	211.65
Singapore (38)	212.97	−0.8	179.91	174.20	182.03	160.86	−1.1	2.14	214.60	182.22	175.87	184.37	162.68	228.43	151.63	197.52
South Africa (61)	215.97	−0.8	182.45	176.65	184.59	179.85	+1.1	2.78	217.81	184.95	178.50	187.12	177.97	271.99	173.00	198.17
Spain (52)	158.16	+1.2	133.61	129.37	135.18	123.59	+0.8	4.46	156.34	132.75	128.13	134.31	122.64	171.12	131.51	165.74
Sweden (25)	176.63	+1.2	149.21	144.48	150.97	156.11	+1.1	2.88	174.52	148.19	143.03	149.94	154.43	204.12	146.60	195.94
Switzerland (59)	99.80	+0.7	84.31	81.64	85.31	92.13	+0.1	2.17	99.07	84.12	81.20	85.13	92.01	104.22	82.17	97.22
United Kingdom (233)	179.40	+0.5	151.55	146.73	153.32	151.55	+0.0	4.91	178.55	151.62	146.32	153.39	151.62	187.44	156.27	182.73
USA (523)	169.02	−0.3	142.78	138.26	144.47	169.02	−0.3	2.89	169.51	143.93	138.92	145.64	169.51	171.66	125.95	149.76
Europe (809)	148.51	+0.7	123.77	119.84	125.23	125.25	+0.2	3.86	145.51	123.56	119.25	125.02	125.03	151.52	125.50	148.88
Nordic (100)	173.76	+0.6	146.78	142.13	148.51	146.84	+0.3	2.19	172.76	146.70	141.59	148.43	146.35	200.81	155.55	194.28
Pacific Basin (717)	121.70	+0.4	102.81	99.55	104.02	100.52	+0.1	1.23	121.26	102.96	99.38	104.18	100.38	145.92	117.86	143.56
Euro – Pacific (1526)	131.89	+0.5	111.42	107.87	112.72	111.05	+0.2	2.39	131.22	111.43	107.53	112.73	110.88	147.68	121.29	146.10
North America (638)	166.93	−0.3	141.02	136.56	142.70	165.44	−0.3	2.91	167.38	142.13	137.19	143.82	165.89	169.69	125.91	147.99
Europe Ex. UK (576)	126.38	+0.8	106.77	103.40	108.05	109.84	+0.3	3.11	125.33	106.42	102.73	107.69	109.48	129.80	103.58	128.15
Pacific Ex. Japan (244)	157.72	+0.7	133.24	129.03	134.82	140.94	+0.2	3.81	156.65	133.02	128.40	134.59	140.61	157.72	111.40	133.65
World Ex. US (1720)	133.96	+0.5	113.18	109.60	114.52	113.32	+0.2	2.41	133.32	113.21	109.27	114.54	113.09	148.16	122.32	146.59
World Ex. UK (2010)	141.50	+0.2	119.53	115.74	120.95	128.35	+0.0	2.33	141.28	119.97	115.79	121.39	128.33	150.58	120.06	142.62
World Ex. So. Af. (2182)	144.36	+0.2	121.96	118.09	123.40	130.10	+0.0	2.60	144.08	122.34	118.09	123.79	130.10	153.05	122.92	145.86
World Ex. Japan (1770)	160.26	+0.1	135.38	131.10	137.00	149.98	+0.0	3.27	160.05	135.90	131.18	137.53	150.04	161.90	126.69	148.56
The World Index (2243)	144.79	+0.2	122.32	118.44	123.76	130.55	+0.0	2.60	144.52	122.72	118.45	124.17	130.54	153.70	123.28	146.18

Constituent change 28/2/92: Name change: United Telecommunications to Sprint Corp. (USA). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		35 7/8 xd	-3/32	35 15/16	20 7/8	15,256	1.9
♥Allegheny & W		315p	—	390p	218p	163.7	5.4
Amdahl		1161pxd	-8	1159p	667p	1,277	0.5
Amer Cyanamid		34 7/8	-1/4	42 1/8	35 3/8	3,262	2.4
Amer Express		11 3/8 xd	-1/4	17 7/8	9 11/16	5,488	4.9
Amer T & T		20 7/8 xd	-1/4	24 1/2	15 1/4	27,289	3.6
Ameritech		34 1/4	-1/4	38 7/8	32 1/2	14,895	5.6
BankAmerica		24 3/8 xd	+1/8	26 3/16	12 3/16	5,408	3.0
Bankers NY		35 7/8 xd	-1/2	38 3/16	20 3/16	2,948	7.6
Bell Atlantic		24 3/4 xd	-1/8	30 1/2	24 1/4	9,733	5.7
BellSouth		28 7/8	-1/8	31 1/4	25	12,793	5.9
♥Bethlehem Steel		8 7/16 xd	-3/16	11 1/4	6 3/16	643.1	–
Bowater		1501p	—	1838p	1042p	539.2	4.5
CPC		47 7/16 xd	+3/16	64 13/16	37 11/16	3,685	2.6
California Engy		738p	—	930p	420p	132.9	–
Campbell Soup	h	28 13/16	-5/8	28	14 1/8	5,231	1.9
Chase Manhattan		13 13/16 xd	-3/16	14 7/16	5 7/16	1,878	4.9
Chrysler		9 7/16 xd	-1/4	10 1/8	5 1/8	2,085	3.7
Citicorp		9 7/8 xd	-3/16	10 7/8	4 5/8	3,392	–
Colgate-Palm		27 3/16 xd	-1/16	27 5/8	21 3/16	3,972	2.2
Cont'l Bank		823p	+20	845p	438p	832.7	3.7
Dana		20xd	—	21 5/8	13 3/8	822.1	4.5
Data General		882p	-8	1262p	203p	188.2	–
Dial		26 13/16 xd	-1	28 7/16	12 7/8	1,068	2.9
Dun & Brad		31 1/2	-1/4	32	20 3/4	6,621	3.9
Eaton		41	-7/8	41 7/8	24 1/4	1,398	3.0
Echlin		9 1/16 xd	—	9 3/16	5 1/2	506.1	4.3
FPL		19 1/8 xd	-1/16	20 1/8	14 7/16	3,241	7.1
Fluor		24 3/4 xd	-1/4	30 7/16	17 7/16	2,007	0.9
Ford Motor		20 1/4 xd	-13/32	23 1/4	13	9,585	2.8
Gen Elect		44 5/8 xd	-13/16	48 13/16	28 3/16	38,671	2.6
♥General Host		484p	—	580p	270p	–	4.2
Gillette		27 13/16 xd	+1/16	48 1/4	20 7/8	6,081	1.3
Hasbro		21	—	24	7 11/16	1,284	0.5
Honeywell		40 3/4 xd	-3/16	42 3/16	21 3/4	2,841	2.3
Houston Inds		23 5/8	+1/4	24 3/8	17 7/8	3,045	7.1
IBM		49 11/16 xd	-5/8	72 13/16	46	28,428	5.5
Ingersoll-Rand		35 1/8 xd	-1 13/32	37 1/2	18 7/16	1,834	2.1
Lockheed		24 3/4 xd		28 1/8	16 3/8	1,567	4.5
Lowe's		2308p	-39	2478p	1245p	840.4	1.4
Merrill Lynch		32 3/4 xd	+5/8	39 15/16	10 3/16	3,362	1.7
Morgan (JP)		34 13/16 xd	-3/16	38 1/4	21 13/16	6,598	3.5
Morris (Philip)		43 3/8 xd	-3/16	44 5/8	25 7/16	40,167	2.7
NYNEX		47 3/8	-1/8	48 3/4	39	8,392	5.2
♥Pac Agric		28p	—	89p	15p	–	–
Pall		17 1/8	+1/8	17 13/16	10 3/16	1,602	1.2
Pennzoil		28 1/8 xd	-1/8	46 1/8	26 1/8	1,056	6.5
Quaker Oats		36 1/4	-5/8	40 7/16	24 7/8	2,772	2.7
Rockwell		15 5/8 xd	—	17 3/8	12 1/8	3,585	3.3
Rep NY		23 13/16	-3/16	27 1/16	16 1/2	1,245	2.4
Sears, Roebuck		24 1/2 xd	+3/16	25 5/8	12 13/16	8,430	4.6
Sthwestern Bell		34xd	+1/4	35 7/8	25 3/8	10,184	4.7
Sun Co		15 1/4 xd	-1/8	20 1/4	14 1/8	1,670	6.5
Tenneco		22 3/16 xd	+3/32	27 1/8	14 7/8	2,747	4.0
Texaco		33 7/16 xd	-9/16	40 1/2	29 3/16	8,842	5.4
Time Warner		59 3/8 xd	+2 7/32	64 1/2	37 7/8	5,482	0.9
♥Unilab		587p	—	587p	250p	545.3	–
Utd Tech		28 3/4 xd	-3/16	31 1/2	22 3/8	3,498	3.5
♥Utilitech		101p	—	101p	42p	–	–
US West		19 1/2	-1/4	23	18 1/4	7,968	6.0
Varity		748p	-29	1418p	578p	186.2	–
Waste Manage		24 5/8 xd	+1/8	26	16 5/8	11,641	1.0
Whirlpool		2543p	-103	2700p	1053p	1,787	2.4
♥Woolworth		16 1/8	-1/2	20 3/16	12 3/4	2,103	3.8

CANADIANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy		2p	—	11p	1 3/4p	–	–
Amer Barrick		1558p	—	1642p	953p	2,129	0.3
Bk Montreal		21	—	23 1/4	13	2,523	5.4
Bk Nova Scot		1052pxd	+9	1178p	536p	2,115	4.5
♥BC Gas		832p	—	870p	639p	–	3.9
BCE		23	—	24 1/2	17 1/4	7,119	6.7
♥Brascan		932p	+3	1058p	647p	788.6	6.0
♥Breakwater		29p	—	38p	6p	18.4	18.6
Can Imp Bk		1617p	-12	1818p	1180p	2,951	4.4
Can Pacific		848p	-9	1100p	758p	2,799	0.2

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991/92 High	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		94½xd	—	116	94½	12.5	—	—
Cap		32	—	66	30	—	28.4	-12.7
Stepped Pf		131xd	—	133½	113	9.3	—	—
Zero Div Pf		172½	+½	172½	141	—	—	—
Warrants		7	—	22	7	—	—	—
Scot Value	a	58½	—	56	46¼	2.8	58.9	3.3
Sec Alliance	†	1194xd	—	1255	982	3.0	1372.9	13.0
Second Market	s	224	—	230	199	0.8	265.8	15.7
Sec Tst Scot	†	78	—	76	57½	5.8	73.0	4.7
Select Assets		99xd	—	102	71	1.2	136.9	27.7
Eq Ind Serl		115	+1	121	89	5.8	—	—
Eq Ind SerII		115	+1	121	89	5.8	—	—
Shires	†	224	-1	280	191	10.6	226.9	0.9
11pc Cv Ln '03/04		£104½xd	—	£128½	£97½	10.6	—	—
Siam Select		88	—	88	78	1.6	103.8	15.2
Warrants		19	—	31	18	—	—	—
Smaller Cos		72xd	+1	83	60	4.6	84.8	16.1
Warrants		13	—	25	8	—	—	—
Sphere Inc		17	—	33	17	30.4	24.1	31.6
Zero Div Pf		68½	-½	68¾	58¾	—	—	—
Warrants		6¾	—	9½	0¾	—	—	—
Stratton		155	—	160	120	1.6	189.0	18.9
Summit	‡	58	—	118	50	‡	109.8	54.5
TR City of Lon		107	—	121¼	90	6.7	112.7	5.0
TR Euro Growth	s	87	—	104	78	1.5	98.8	11.9
Ptg Sub	s	52	—	58	40	2.8	—	—
TR Far East Inc		88xd	+1	94	56	0.4	100.8	12.7
Warrants		14	—	23	12	—	—	—
TR High Inc		92	—	115	85	8.2	90.9	-1.1
Sub	0	31	—	35	24	1.5	—	—
TR Pacific	s	83	+½	82	49	0.4	94.8	12.5
TR Prop		24	—	37	23½	8.1	34.4	30.2
TR Smaller		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MEDIA

MOTORS

MERCHANT BANKS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

OIL & GAS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1991/92 High	low	Mkt Cap£m	Yld Gr's
‡‡Kells Mins I£		36	—	46	32	0.87	—
Kenmare		5½	—	25	3½	5.28	—
‡‡Navan Res I£		25	—	28	15	3.48	—
Northgate Expl C$	s	44⅞	—	99	39	5.68	—
North West Expl A$		2	—	16	2	0.67	—
Oryx Gold $		79	—	188	79	—	—
‡‡Ovoca Gold I£		10	—	25	8	0.70	—
Plateau		9½	-1½	44	9½	4.33	—
RTZ		562	-1	605	404	5,625	4.7
Vizcaya		2	—	10	2	1.07	—
Western & Pac C$		12⅛	—	152	7	6.65	—
Young Grp		96#	—	133	95	14.4	7.2

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ¥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other offical estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend February 29/March 1 1992

Pupils being withdrawn as recession hits parents' ability to pay, say head teachers

Public schools face up to fees crisis

By Andrew Adonis and Bethan Hutton

PUPILS whose parents have fallen behind with school fees are having to leave England's public schools, as the independent sector experiences its most acute economic downturn for more more than a decade.

Boarding schools have been worst affected, experiencing an average four per cent decline in pupil numbers last year even before the recession began to bite.

At a conference of independent school heads in London this week, almost every head teacher approached reported some pupils being withdrawn because parents could not cope with fees.

Most schools represented at the conference have lost three or four pupils this year – "but talk to any bursar, and he'll tell you the actual leavers are the tip of the iceberg", said one head.

With the recession hitting hardest in the south – home to the majority of public schools – many middle class parents are falling behind with fees, and some have had to give up trying to pay them.

Mrs Jean Glover, educational grants adviser to the Independent Schools Information Service, said applications for help had doubled to 1,000 last year, with a similar number expected this year. Charitable help is available to keep children at schools, but cannot pay arrears. Many parents left it too late to ask for help, said Mrs Glover.

None of the big schools is yet threatening to close its doors, but many smaller institutions – particularly boarding schools – face acute financial problems. Some heads forecast widespread closures unless the situation improves.

Independent schools are faced with matching this year's 7.8 per cent teachers' pay award in the state sector. Fee increases announced this year are averaging above 9 per cent – more than twice the inflation rate, after a decade of steeply increasing fees.

Even before the increase, annual fees averaged £6,700 a year for boarding schools, and £3,600 for day schools.

Mr Jeremy Nichols, headmaster of Stowe School, Bucks, said: "Things are clearly tight. The recession has hit our parents as much as anybody else. We are all concerned because of the current situation, but at the moment it is not panic measures."

Only one pupil has been withdrawn because of problems with fees, according to Mr Nichols. "We do try to help out in cases of real need and distress. Provided that parents get in touch with the school bursar that is fine. One would hate to pull the rug from a child on financial grounds," he said.

Major Gerard Cox, bursar of Badminton School, Bristol, said that the school had lost two or three pupils in the last six months. "At the beginning of term I rather thought we were going to have problems.

"People rang up and said, 'Awfully sorry, old boy, it's going to be a bit late this year.' But what I thought would be a flood has remained a trickle. In fact, the speed our fees were paid this term was the fastest ever." He suggested that many parents gave school fees priority over other bills. "People are very optimistic. They tend to say, 'once the recession is over, we shan't need help.'".

However, a prominent West Country school reported that only 92 per cent of its fees had been collected in January, against 98 per cent for the same month last year. "When you work on our margins, that's a pretty gloomy position", said its head.

Members of gangster group Inagawakai before a vigil for their former leader Susumu Ishii on his death last year

Gangsters go to law for protection

By Stefan Wagstyl in Tokyo

GANGSTERS in the Japanese city of Matsumoto have acquired a new identity – Matsumoto Corporation, specialising in property development and interior decorating.

Like many Japanese criminal organisations – or *yakuza* – the Matsumoto gang has registered as a company to try to evade an anti-gangster law which comes into effect today.

Others are claiming to offer services from garden design and golf course management to old people's homes. A gang in rural Fukui plans to specialise in weddings and funerals.

The law, and the gangsters' response, highlights the ambivalence of Japanese attitudes to yakuza. There is widespread condemnation of drug dealing, the criminals' biggest source of profit, but some tolerance of their traditional enterprises of gambling and prostitution because many people use these services.

The police say the law is a reaction to a change in the yakuza over the past decade. The gangsters used to keep to themselves but are increasingly aggressive towards ordinary Japanese people, pushing into legitimate business such as property development.

The police are most worried about the consolidation of the yakuza into nationwide organisations. Yamaguchi Gumi, Japan's largest yakuza group, accounts for about 30 per cent of the 90,000 gangsters known to police.

Gang leaders have developed into sophisticated businessmen with links with some of Japan's top companies. Sagawa Kyubin, the transport company at the centre of a growing scandal, allegedly lent large amounts of money to companies connected to Mr Susumu Ishii, the former boss of Inagawakai, Japan's second-largest gangster group, who died last year.

The law strengthens the police's power to prevent the yakuza threatening ordinary people. Until now the police have only been able to arrest yakuza for threatening behaviour if they could prove the use or threat of force. Victims have often been too frightened to give evidence.

Police will now be able to arrest members of designated gangs for extorting protection money under the guise of donations, expelling sitting tenants, and extracting phoney subcontracting orders from companies.

The law also prohibits a favourite yakuza ploy – collecting compensation on behalf of victims of traffic accidents.

Faced with this challenge, the yakuza have gone to their lawyers, who advised turning gangs into incorporated companies.

Following lawyers' advice Yamaguchi Gumi this week sent a faxed message to hundreds of its affiliates urging gangs to register as companies, with the bosses filling the posts of chairman, president and vice-president.

Earlier this month, yakuza staged a demonstration in central Tokyo claiming the law infringed their rights. Yakuza said on television they too had to make a living. One even explained why they favoured large cars, such as Cadillacs. The body was made of thicker steel than a Japanese car, he said, and was better at withstanding bullets.

Japan's trade surplus, Page 3

Kinnock attacks Tories' plans to cut taxes

By Alison Smith

MR NEIL KINNOCK, Labour leader, last night sought to sharpen the choice before voters by contrasting Tory plans for "borrowing to bribe" with Labour's commitment to "borrowing to build".

His upbeat speech to the Welsh Labour conference in Swansea came as a poll showed the two main parties neck and neck, appearing to confirm the shift towards Labour in the past week or so. The same survey, for Gallup in today's Daily Telegraph, showed a continuing rise in support for the Liberal Democrats.

Mr Kinnock's attack on the government for economic imprudence comes in a week that has been dominated by growing expectations that Mr John Major will use a tax-cutting Budget as the launchpad for an April election.

That is still the expectation, in spite of the poll which shows the Conservatives' support down two points at 37 per cent, putting them half a point behind Labour on 37.5 per cent. Last week's Gallup survey gave the Tories a two-point lead.

The Liberal Democrats will be buoyed by the one-point rise in their standing which, at 20 per cent, is their best showing for several months.

"While the other two parties remain stuck in their slug-it-out battle, we are beginning to reap the sustained benefits of a positive campaign based on issues and not insults," Mr Paddy Ashdown, the party's leader, said.

In London today he will tell a party rally that the Liberal Democrats alone want to see both the necessary elements for economic recovery – private enterprise and public investment. The party plans to publish its shadow Budget next week.

Mr Kinnock told his conference audience that, while Labour would invest for a lasting recovery, the Tories would try to save their skins with tax cuts. In a broad onslaught, he said the government was going downhill so fast "it should have been entered for the winter Olympics".

He countered the prospect that income tax cuts would be presented by ministers as the way to promote recovery by saying that, if that was the argument used, the government should be challenged on why it had not cut tax a year ago when the UK had just gone into recession.

Any Budget income tax reductions would be temporary, he warned, and would have to be paid back through higher VAT and charges in health and education.

He also reaffirmed Labour's intention to consult and then legislate to create a Welsh assembly within the lifetime of the next parliament.

The Tories sought to capitalise on a silent vigil by the Campaign for Nuclear Disarmament outside Mr Kinnock's venue. Mr Chris Patten, the Tory party chairman, said CND would hold a Labour government and national defences to ransom.

Tories' post-poll plan, Page 4

Troops to leave Nagorno-Karabakh

By Leyla Boulton and agencies in Moscow

TROOPS OF the former Soviet Union were ordered to pull out from the Armenian enclave of Nagorno-Karabakh yesterday after they were fired on during clashes between Azeri and Armenian militants.

Marshal Yevgeny Shaposhnikov, the Commonwealth of Independent States' defence minister, announced the decision as fighting worsened in the disputed territory in spite of efforts to secure a truce.

The enclave is administered by Azerbaijan but largely populated by Armenians.

The order for the pull-out of the 366th motorised regiment follows the deaths earlier this week of a handful of soldiers caught in the fighting between Armenian guerrillas and Azerbaijani forces.

Fighting flared again yesterday in the capital Stepanakert, where the regiment is based. Azerbaijani and Armenian officials again claimed their civilian targets were under particularly vicious attack.

Marshal Shaposhnikov, who is also commander-in-chief, has long warned that he would withdraw troops rather than allow them to become targets of ethnic conflicts in the former USSR. No dates have been given for the withdrawal.

Troops under fire along the Armenian-Azerbaijani border will also be withdrawn. Commanders of the Trans-Caucasus military district, which encompasses Georgia as well as Armenia and Azerbaijan, have been ordered to rebuff attacks on military installations.

Mr Mikit Kazaryan, spokesman for the Armenian mission in Moscow, said withdrawal from Nagorno-Karabakh would be "madness" until the army recaptured weapons seized from it by Azerbaijani forces.

Azeri and Armenian officials say sophisticated weapons, including combat helicopters, tanks and armoured personnel carriers, are being used by guerrillas on both sides in the four-year-old conflict.

Armenian militants attacked the last Azeri stronghold in Nagorno-Karabakh yesterday, according to Azerbaijan's interior ministry. A ministry spokesman said residents of the town of Shusha fled as helicopter gunships swooped down from snow-covered mountains.

"They are still shelling with tanks and heavy artillery. But the helicopters threw the town into panic," he said by telephone from Baku, the Azerbaijani capital. Armenians in the enclave want unification with Armenia, but Azerbaijan will not give up any territory.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Asko	736	+	13
Lahmeyer	845	+	25
VEW	220.5	+	6.5
Falls			
Klockner	118.9	–	5.9
Varta	317	–	8.5
Zanders	203.5	–	9.5
New York ($)			
Rises			
Ford	37 1/8	+	1 3/8
Gen Motors	38	+	1 7/8
Home Shopping	8 3/8	+	1/2
MCI Comms	36	+	1 1/4
SunWest Fin	32 1/4	+	2 1/4
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Carrefour	2580	+	55
Fonc Lyonn	626	+	29
Poliet	519	+	21.5
Redoute	5520	+	120
Union Immob	476	+	16
Falls			
SILIC	557	–	28
Tokyo (Yen)			
Rises			
Dai-Ichi Kogyo	790	+	80
Mochida Pharm	3320	+	400
Olympic	559	+	55
Tokyo Sangyo	1120	+	80
Wakamoto Ph	931	+	81
Falls			
Okamoto Machine	465	–	35
London (Pence)			
Rises			
Betacom	23	+	4
Brit Aerospace	317	+	9
Brit Airways	270	+	5
Emess	17 1/2	+	2 1/2
Great Portland	160	+	6
Kleen-E-Ze	65	+	9
Midland Bank	267	+	7
WPP	110	+	10
Wellcome	1126	+	11
Falls			
BAT Inds	635	–	14
Cap & Counties	166	–	14
Colographic	54	–	9
Great Westn Res	15	–	3
Kwik Save	566	–	12
Lloyds Chemists	327	–	12
Parambe	27	–	6
P & O Defd	366	–	20
RHM	202	–	5
Sun Alliance	264	–	7

Man Friday

Continued from Page 1

very tight. "I'd just walked past there. Jesus Christ. You passed me. I saw you. I'm going home. I'm going home. Jesus Christ."

Another businessman overheard us. "What's the point?" he asked, bitterly, waving his arms at no one in particular. "What's the bloody point?"

We all knew what he was referring to. "Bloody IRA," he said. "Bloody pointless." He stalked off, head held high. Urban Man, grim but undefeated.

Sirens wailed in the distance. The first blue ranks of police charged up the platform, ordering people to clear the area.

The bombed platform and those next to it were sealed off. The main entrance was blocked by commuters from other lines, some trying to leave, some trying to get in. Few realised what had happened.

Outside, ranks of fire engines and police cars arrived. It was 8.36. Precisely. A young man carrying a sports bag surveyed the scene glumly. "I've got to get over the [London] Bridge," he said. "I'm not taking the Tube after this lot. Where is bloody London Bridge, anyway?"

"You're almost standing on it," I told him, pointing to the bridge a few yards away where lines of City footsoldiers marched towards the Square Mile. We laughed, nervously.

If it isn't staff shortages, it's snow; if isn't snow it's leaves. And if it isn't leaves, it's bombs. It was just another Friday morning.

WORLDWIDE WEATHER

Today: Scotland and N Ireland will be mostly cloudy and breezy with rain at times. England and Wales will be mainly dry with sunny intervals, although western coastal counties will be cloudier, perhaps with rain or drizzle. Outlook: rain spreading south-east on Sunday, sunny periods on Monday

		°C	°F
Ajaccio	S	15	59
Algiers	F	15	59
Amsterdam	S	11	52
Athens	S	14	57
Bahrain	S	16	61
Barcelona	F	15	59
Beijing	S	16	61
Belfast	F	6	43
Belgrade	S	13	56
Berlin	S	11	52
Biarritz	S	17	63
Birmingham	S	9	48
Blackpool	S	7	45
Bombay	S	27	81
Bordeaux	S	15	59
Boulogne	S	13	55
Bristol	F	9	48
Brussels	S	13	55
Budapest	S	11	52
Buenos Aires		–	–
Cairo	C	16	61
Cape Town	S	26	79
Cardiff	S	9	48
Chicago		–	–
Cologne	S	15	59
Copenhagen	S	8	46
Corfu	S	14	57
Dallas		–	–
Dublin	S	8	46
Dubrovnik		–	–
Edinburgh	S	7	45
Faro	S	16	61
Florence	S	15	59
Frankfurt	S	10	50
Geneva	S	5	41
Gibraltar	F	16	61
Glasgow	S	7	45
Guernsey	Fg	9	48
Helsinki	C	3	37
Hong Kong	S	22	72
Innsbruck	S	11	52
Inverness	S	5	41
Isle of Man	S	7	45
Istanbul	S	7	45
Jersey	F	8	46
Johannesburg		–	–
Las Palmas	F	18	64
Leeds	S	9	48
Lisbon	S	13	55
Locarno	S	10	50
London	C	8	46
Los Angeles		–	–
Luxembourg	S	10	50
Madeira	F	14	57
Madrid	S	11	52
Majorca	S	16	61
Malaga	S	16	61
Malta	C	13	55
Manchester	F	6	43
Melbourne	S	29	84
Mexico City		–	–
Miami		–	–
Milan	S	9	48
Montreal		–	–
Moscow	C	0	32
Munich	S	12	54
Nairobi	F	30	86
Naples	F	15	59
Nassau		–	–
Newcastle	S	8	46
New Delhi	S	26	79
New York		–	–
Nice	S	15	59
Nicosia	S	13	55
Oporto	S	16	61
Oslo	S	9	48
Paris	S	13	55
Perth	S	31	88
Prague	S	9	48
Reykjavik	Sn	-1	30
Rhodes	S	14	57
Rio de Janeiro		–	–
Rome	S	15	59
Salzburg	S	11	52
S Francisco		–	–
Seoul	F	16	61
Singapore	F	32	90
Stockholm	S	10	50
Strasbourg	S	12	54
Sydney	F	23	73
Tangier	S	17	63
Tel Aviv	F	18	64
Tenerife	F	18	64
Tokyo	S	15	59
Toronto		–	–
Tunis	R	12	54
Valencia	F	14	57
Vancouver		–	–
Venice	Fg	5	41
Vienna	S	10	50
Warsaw	C	3	37
Washington		–	–
Wellington	C	15	59
Zurich	S	9	48

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

The dilemma over dividends

With the FT-SE index despairingly stuck in a narrow 30 point trading range this week, UK dividend policy predictably held centre stage. The early evidence from companies, though, is far from conclusive. If anything, the payouts announced thus far have been a mite more generous than the market expected, the shock of Royal's decision to pass its final mitigated by relief that the Vickers cut was less savage than it might have been, and that Midland's final was held. The mood could change next week, however, when at least 10 of the 17 major companies reporting their results may cut, or at best maintain, their final payouts.

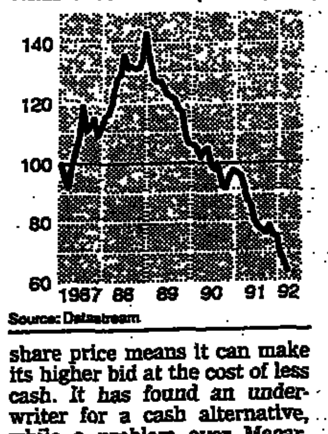
It is worth remembering, too, that while most of the attention is focused on the cutters, there is also scope for disappointment from the more robust companies, as Williams Holdings and to a lesser extent SmithKline proved this week. Considerations for the strong are a lower market benchmark, lower inflation, and the cost of replacing cash removed from the business at a time when high real interest rates mean capital is expensive.

The question for investors is whether a prospective 5 per cent market yield provides effective underpinning for equities at current levels. The main worry, notably in the financials and capital goods sectors, is dividend cover, which for the market as a whole may drop as low as 1.8 to 1.9 times, against an average of roughly 2.5 times throughout the 1980s. To put this in context, it will take at least three years of double digit earnings growth, and no dividend increases, to restore cover to its former level. The more positive view is that falling inflation puts equities on a prospective real yield of 1-1.5 per cent this year – a phenomenon not seen since the mid-1980s. The trouble is that this will only be reversed by improving prospects for dividends, or a pick-up in inflation, neither of which looks imminent.

FT-SE Index: 2,562.1 (+0.1)

Property

Relative to All-Share (FT-A Indices)



Source: Datastream

Lloyds/Macarthy

It was eminently predictable that Lloyds Chemists would resume last year's stymied attempt to take over Macarthy. After all, the referral to the Monopolies and Mergers Commission of its original paper bid was one of the Trade Secretary's stranger decisions. If anything, though, the delay has helped. Lloyds's higher share price means it can make its higher bid at the cost of less cash. It has found an underwriter for a cash alternative, while a problem over Macarthy's wholesale drug supplier conveniently dissolved. More fundamentally, when it bid last August, Lloyds was fresh from the acquisition of Kingswood and an accompanying £71m rights issue. The referral gave it a chance to catch its breath before resuming its relentless dash for growth.

The proposed shape of the combined group is clear enough. Lloyds will have 60 per cent gearing on net assets of perhaps £80m, so some smart work will be required to generate cash and restore the balance sheet to health. Shareholders have grown used by now to seeing the equity base expand, but have been kept happy since 1986 by a compound annual growth rate in earnings of 37 per cent. That may slow, but by normal measures Lloyds' shares are cheap and the group should easily outperform other retailers for another year or two. The trick for investors will be in timing a switch should Lloyds' management show signs of wanting to diversify away from chemists shops and health foods.

British Gas

Any Sids busy brushing up their maths as a prelude to making sense of British Gas's annual results are wasting their time. The short-term outlook for the shares will be shaped less by the confusing figures announced on Thursday than by the forthcoming deal between Gas and the Office of Fair Trading over the industrial market and the national gas pipeline. Judging by the pointed silence since early February when the gas regulator issued a grim warning about the huge remaining scope for monopoly abuse. Gas may yet walk away with a deal which may make a nonsense of efforts to reduce its powers. If it does, the blame will lie squarely with the OFT.

The central issue is whether a monopolist should be allowed to manage the release of a share of its gas supplies to would-be competitors, while at the same time seeking to keep its profits stable. The opportunity to replace a monopoly with a cartel aside, logic suggests that if Gas has a halved share of the industrial market, its profits should fall by the same proportion. Otherwise, customers will face price rises of more than 50 per cent as new suppliers demand the same level of return. Implications for industrial users which presently rely on interruptible gas supplies are obvious.

Any benefit to Sid will probably prove transient, if only because it is hard to imagine that the OFT would not have to rectify the position in time. The shares could have an unexpected boost just the same.

Capital & Counties

It is perhaps just as well that Mr Donald Gordon, chairman of Capital & Counties, has been sounding off against open market property valuations for so long. Complaining that the £325m valuation on the group's largest asset, the Thurrock Lakeside shopping centre, is unfair serves at least as some distraction from yesterday's news that £130m of shareholders funds disappeared last year despite a £100m rights issue in August. Some would say, though, that the Thurrock Lakeside valuation is generous given that it implies an initial yield of 4.6 per cent, only reaching 8.3 per cent in 1996 when rents are fully in place.

Cartels

The European Court's ruling that Commission decisions should be signed in all Community languages by Mr Jacques Delors brings to mind an ancient, but alas defunct English legal defence that you cannot be successfully charged by a policeman wearing his helmet back to front. Investors would be unwise to assume, though, that other EC cartel culprits will now get their fines quashed. The court tends to back Brussels where it can, so will doubtless be capable of finding another technicality to uphold the Commission's appeal.

Weekend FT

SECTION II

Weekend February 29/March 1 1992

Once upon a time the UK's trains were clean, fast and always ran on time – or did they? asks ***Richard Tomkins***

The golden age of rail that never was

THE GOLDEN age of rail, they call it: the days when the servants of the railways took pride in their work, when glorious steam engines were turned out for their journeys with paint gleaming and copper burnished brightly, when courteous porters carried people's bags to their carriages for 6d, and – most of all – when you could set your watch by the departures and arrivals of the trains.

Today, a journey by state-owned British Rail is more likely to be perceived as an ordeal than a pleasure. Trains and stations are dirty and run down; employees, where they can be found at all, are surly and unhelpful; the railways are riddled with inexplicable irritants, such as the closure of restaurant cars long before the journey's end; and – worst of all – services are delayed or cancelled, often without explanation.

Now, at last, all this could seemingly change. The Conservatives are about to go to the country with a manifesto commitment to break up and privatise British Rail in the lifetime of the next parliament. The details have yet to be worked out, but prime minister John Major is said to favour splitting BR up into the old regional companies such as the Great Western and the London & North Eastern. Whatever method is chosen, it will be sold to voters as the dawn of a new golden age for rail under private ownership.

And yet . . . the suspicion remains that this is just too good to be true. Was the last golden age really all it is cracked up to have been? Was it not the prime minister's favourite author, Trollope, who, as long ago as 1869, observed in his novel *He Knew He Was Right*: "The real disgrace of England is the railway sandwich"?

Doubts are reinforced by recollections of the frequency with which railways, then as now, were ridiculed. A recent letter to a UK national newspaper recalled a pre-war music hall joke about the man who tried to commit suicide by lying across the tracks of the Southern Railway, only to die of starvation. And constant fun was had at the expense of the old railway companies' initials. The LNER (London & North Eastern Railway) was known as the Late & Never Early; the LMS (London Midland & Scottish) as the 'Ellova Mess; the S&D (Somerset & Dorset) as the Slow & Dirty, and the MS&L (Manchester Sheffield & Lincolnshire) as the Money-Sunk & Lost.

It would be unfair to draw comparisons with the earliest days of rail – the days of the 1830s when second and third class passengers travelled uncomfortably in open wagons, competing for space at the opposite end of the train from the steam locomotive for fear of an explosion.

But even after the rapid expansion of the network, triggered by the railway mania of the mid-1840s, history suggests that the intense competition which resulted did little to promote either technological progress or higher standards of service for the customer.

One vociferous critic of the Victorian railways was the novelist Charles Dickens. In *Letters* (1856), he describes a stop at Peterborough station in Cambridgeshire. "The lady in the refreshment room . . . gave me a cup of tea, as if I were a hyena and she my cruel keeper with a strong dislike to me. I . . . had a petrified bun of enormous antiquity in miserable meekness."

Thus, the creation of the British Rail sandwich long anticipated the creation of British Rail. But railway catering, although a frequent source of complaint, was not the only one. Professor Jack Simmons, Britain's pre-eminent historian of the Victorian railways, tells of many more weaknesses and absurdities.

In *The Railways of Britain*, for example, he describes the search for an effective way of telling passengers which station they had reached. Some companies put illuminated signs on the platforms, but the practice was not universal: on the Edinburgh & Glasgow Railway, starlings and parrots were trained to scream the names of stations. "This device did not meet with general favour," Simmons notes.

More important, standards of passenger accommodation lagged far behind the available technology. Always with an eye to profit, Victorian railway companies were loath to fritter away money on luxuries such as heating and lighting in carriages, still less on refreshment cars or even lavatories. As a result, big intermediate stations such as Swindon, Preston and York saw frenzied activity when main-line trains arrived as hundreds disembarked to seek comfort and relief.

Eventually, long-distance trains did improve as companies began to emulate higher standards set by the aggressively competitive Midland Railway in the 1870s. But shorter-distance and commuter services remained impervious to such influences. As Simmons relates in *The Victorian Railway*: "Two of the most notoriously intense competitors in this business, the South Eastern and the London Chatham & Dover companies, were both also notorious for the badness of the accommodation they offered; their neighbour, the London Brighton & South Coast, which competed with them too, was not in this respect much better."

Even in first and second class, heating and lighting were rare on commuter trains before 1900. As for third class passengers, they were probably in too much pain to notice that such amenities were missing. Trains in those days were divided into compartments, each intended to seat 10 or 12 people. In practice, they often held 30. Simmons explains: "On the Walthamstow [North London] line, it was accepted that boys travelled in the luggage racks."

The myth of the steam age epitomised in a 1935 poster commemorating the Great Western Railway's centenary. *(Reproduction courtesy of the National Railway Museum)*

Timekeeping was equally poor. By the late 1880s, members of parliament had become so angry about poor punctuality that they forced the published arrival times of all trains at London terminals to be put back in an attempt to make them more realistic. The worst offenders – then, as now – were commuter services running into Victoria, Charing Cross and London Bridge

There were many other sources of concern. Geoffrey Body, an author and former railwayman, records in his book *The Railway Era* that letters to newspapers complained of rude employees, cancelled trains, fare anomalies, and even having to show one's ticket too often (" . . . six times between Charing Cross and Maidstone . . ."). One letter, headed "Sixty miles on a broken spring", protested about the discomfort of a journey from Faversham, Kent, to Herne Hill, south London.

Significantly, the writer of this last letter went on to say that attempts to halt the train with the communication cord had proved futile. In *The Victorian Railway*, Simmons chronicles in disturbing detail how the companies were reluctant to give safety the priority it warranted. Cost was the reason, and frequent disasters the result. One victim was Dickens, who was shaken very badly by an accident that killed 10 fellow-passengers on the South Eastern Railway on June 9 1865. He never fully recovered, and died five years later to the day.

Surely, though, some good came out of the competition? What about train speeds? What about those legendary races to the north in which rival companies vied to see which could get from London to Scotland the fastest?

Alas, reality has become clouded by myth. Yes, there were two bouts of keen competition on Anglo-Scottish routes, in 1888 and 1895, but they were no more than stunts: the competition was much too costly to sustain. ("More haste, less dividend" was the caption to a *Punch* cartoon of 1888.) After 1895, the companies involved agreed not to undercut a journey time of 8 hr 15 min from London to Edinburgh or Glasgow. This stultifying bar on competition remained in force till 1932.

Elsewhere, too, competition resulted more often in cartels than improvements in speeds. One example was Portsmouth, served by two companies using different routes from London. In spite of the scope for rivalry, the 1913 timetable shows that Portsmouth had the slowest train service of any city in Britain. Conversely, the fastest trains in the timetable were those running on the Great Western Railway between London and Bristol – a route on which there was no competition.

Their manifest shortcomings aside, the Victorian railways did have one virtue: they made money. Facing little or no competition from other modes of transport, the larger companies usually managed to pay acceptable dividends to shareholders. Once the speculative frenzy of the mid-1840s had passed, railway shares came to be regarded as safe, if unspectacular, investments.

But it was too good to last. Even before the First World War, the railways had started losing their suburban passengers to electric trams. Then came the war, during which the railways were put under state control and came under enormous strain.

Afterwards, in 1923, an attempt was made to restore the railways' prosperity by grouping the 120 independent operators into four big regional companies: the London Midland & Scottish, the London & North Eastern, the Great Western and the Southern.

Train-spotters look on the era that followed as the golden age of rail because they associate it with the last great steam locomotives and crack express trains such as the Flying Scotsman and the Golden Arrow. Shareholders, however, might have different memories. In *British Railways 1948-73*, Professor Terry Gourvish, of the London School of Economics, records that from 1935 to 1939 the GWR paid an average annual dividend of 2.8 per cent, the LMS 0.85 per cent, the SR 0.65 per cent, and the LNER nothing.

The truth is that any "golden age", if ever such a thing existed, had long since passed. Railways no longer enjoyed a monopoly over inland transport: instead, their profits were being eroded by the rapid growth in numbers of buses and lorries – and if that were not enough, by the Great Depression.

Desperately short of cash and prevented by government edict from increasing fares, the railways lacked the money to invest. Apart from the electrification of the Southern Railway, improvements to services were nugatory: railway historian Michael Bonavia records in *The Four Great Railways*, for example, that it took almost until the eve of the Second World War for train speeds to recover their 1914 levels.

Peter Butterfield of University College, Dublin, illustrates the realities of that era when, in the *Journal of Transport History* (September 1986), he writes of the LNER: "Thanks to a handful of prestige trains – notably, the high-speed streamliners introduced in 1935 and 1937 – the LNER had managed to retain a good reputation among the travelling public at very small capital cost, even though its services in areas like East Anglia were poor and antiquated and its London services abysmal.

"What was lacking was any long-term strategy. The management were primarily concerned with immediate problems: the next bank holiday, the next summer season, efforts to get replacements for the most hopelessly obsolete rolling stock, saving candle-ends . . ."

It is an epitaph that could apply to any of the four companies. Their short, unhappy history came to an end after just 25 years when, crippled by the strains of the Second World War, they succumbed to nationalisation in 1948.

And yet, the memories linger on – of the days when the guard's van was piled high with pigeon hampers and refrigerated Eldorado ice-cream containers; when every horsehair-stuffed seat was topped with a freshly-laundered antimacassar; when a five-course luncheon could be had in the dining car of the Flying Scotsman for 3s 6d; and – most of all – when the trains always ran on time.

Ah, shall we ever see their like again?

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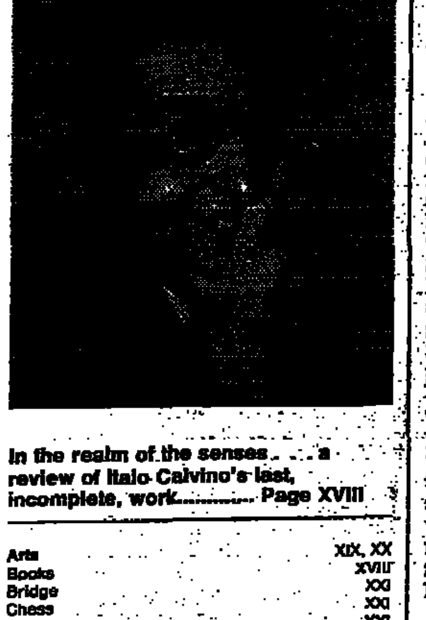


In the realm of the senses . . . a review of Italo Calvino's last, incomplete, work........ Page XVIII

The Long View/**Barry Riley**

Board room botheration

WE ARE conditioned to accept corporate absurdities, but it cannot pass without comment that this week large companies such as Barclays Bank and Commercial Union have declared unchanged or even higher dividends in spite of collapses in their profits, and moreover, slumps that cannot be regarded as one-off aberrations. The question of corporate governance in Britain deserves to be raised again.

As it happens, in two or three months' time the subject will be aired in depth by the Cadbury Committee of the great and the good. In the meantime, however, I was intrigued by the debate at the National Association of Pension Funds investment conference this week between Sir Owen Green, chairman of BTR, and Mike Sandland, investment chief of Norwich Union.

Debates between extremists serve to dramatise issues but not always to illuminate them. In this case we had an aggressive industrialist, happy to speak his mind and stand on his record, and a more defensive institutional investor; Sandland is currently chairman of the Institutional Shareholders' Committee, a Bank of England-backed pressure group of fund managers, and is therefore at the focus of investment politics.

It was easy to see what Green wanted: shareholders should leave companies well alone, perhaps however with the protection of better information to improve their investment decisions. The argument sounds more convincing when coming from a successful manager than when given by somebody from, say, British Aerospace or even Polly Peck.

Sandland's agenda was rather more hidden. His committee has been issuing recommendations that institutions should start to take their responsibilities as shareholders more seriously, but many fund managers remain apathetic, particularly in relation to votes on routine issues. The ISC has also urged companies to appoint independent non-executive directors, although there is little evidence that they do a lot of good in practice. Just as Green's mission appeared to be to increase, or at any rate preserve, the power of managers, Sandland seemed to be battling to protect the role of institutional investors. But corporate governance deserves to be debated from a broader point of view. That pension fund and life insurance fund managers have got themselves into this position is really quite a recent phenomenon. In the 1950s two-thirds of company shares were directly held by private investors and under a fifth by institutions. Today those proportions are approximately reversed.

The difference as far as corporate governance is concerned is that whereas small investors can freely sell the shares of companies they no longer like and can buy others, big fund managers may find themselves locked in. This is partly because the market is not liquid enough to accommodate the selling and buying orders without imposing a big price penalty. It is also because big, semi-permanent shareholders are often expected - rightly or wrongly - to exercise some kind of proprietorship role.

This problem flared up in the late 1980s when a wave of hostile takeovers left many company managements feeling exposed and betrayed, and the investment institutions wilted under the barrage of criticism over their "short-termism", by which was often meant their inability to understand the true long-term worth of companies.

As I have said before in this column, such accusations have been in one important respect misplaced. The big distortion of the capital market at that time lay in the behaviour of the banks, not that of the investment institutions. Banks financed acquisitions at ridiculous prices, often twice the stock market value of companies. The cost of this is now emerging in bank financial statements, as in this week's near £2bn annual bad debt provision by National Westminster. It was quite rational of long-term institutions to take advantage of this mispricing.

In another respect, however, the beleaguered companies were justified in pointing up the anomaly that the big institutions had acquired a dominant position on the shareholder registers and were demanding more information and recognition, but were themselves bringing little to the party.

Big shareholders were in fact trying to behave just like the little investors they had replaced. People like Mike Sandland are attempting to persuade the men from the Pru, the Pearl and the Widows to behave as though they were responsible proprietors. But their main contribution is in encouraging companies to pay excessive dividends, which is scarcely how proprietors ought to behave. It seems to me that the whole approach is misconceived, and is the consequence of fears in the City of London, not least at the Bank of England, that a power vacuum is developing that will be filled by some other economic or political interest group if the institutional investors fail to wake up.

Inevitably the institutional debate is self-centred: it tends to be about shareholders' rights rather than how companies could best be governed. The independent director is promoted as a substitute for the supportive proprietor: fund managers may come and go from the share register but the non-exec representatives will remain.

But who are these non-executives, and exactly what are they independent of? The idea of having compensation sub-committees to determine executive pay seems to have been a bit of a disaster in practice, because executives of some companies acting as non-executives in others have simply approved each others' soaring pay deals. And company bosses like Sir Owen Green naturally do not want spies and snoopers in the boardroom but committed supporters, or at any rate people who clearly represent important stakeholders who can contribute something.

I have no idea what the Cadbury Committee will say, but I hope it will address the need to broaden the input into company boardrooms and to get the institutions off the hook of voting obligations which they cannot live up to but which they are terrified of losing to other interests. Certainly, British companies do not need boardrooms packed with traditional non-executive directors who advise that dividends should be paid regardless of the trading circumstances.

London Markets

Please wake me when it's over

By Peter Martin, Financial Editor

YOU KNOW those mornings when you wake up and you just want the world to go away? Well, Royal Insurance knows all about that – and this week it announced that it had found a temporary fix.

It has hedged "a chunky proportion" of one of its UK share portfolios against the risk of a sharp decline, for example during the election period. So for those responsible for this part of the Royal's equity portfolio, the world has suddenly become a place where only good news matters.

For the rest of us, alas, the good and bad come mixed together. And among this week's bad news was Thursday's announcement from – surprise! – Royal Insurance that it was passing its final dividend because it had made pre-tax losses of £373m in 1991. The share price dropped 16 per cent on Thursday to 190p. It dropped further on Friday, to close at 183p, down 36p on the week.

Royal's terrible results lie behind its decision to hedge last autumn. The balance sheet of its UK general insurance operations (known as Royal UK) has been badly weakened by losses, particularly on policies that insure building societies against defaulting mortgage-holders. "When one's balance sheet is at these levels, one has to say 'what sort of risks are there that could make the position worse?'" says David Barker, managing director of Royal Insurance Asset Management.

One obvious risk is a drop in the stock market, which could affect the value of the £400m or so in Royal UK's equity portfolio. This is roughly a sixth of Royal UK's portfolio – the rest is in cash, short-term fixed-interest securities or property. "We took the view that if there was a risk that a significant bear market would do further damage to the balance sheet, we should explore ways of protecting ourselves," says Barker.

The way they came up with was to buy a "contract of differences" with some unspecified counterparty, presumably another financial institution. "Below a certain figure on the FT-SE," says Barker, "they have to pay us money for every point of difference on the FT-SE scale."

Royal paid an upfront premium for this contract in the autumn, says Barker, "when FT-SE was higher than it is today." FT-SE reached its highest point in September, when it touched 2667.4. The contract can be traded, and its value therefore goes up whenever FT-SE moves closer to the magic figure. So Barker must have had a cheerful December, when the index dropped to a recent low of 2345.4. It closed on Friday at 2562.1, a gain of 19.8 on the week.

Barker fully expects the contract to expire worthless, sometime after the election, since his view is that the stock market will be appreciably higher towards the end of the year than it is today. The contract should be regarded as "investment reinsurance", he says: "The chances are we won't get anything, but that doesn't stop you insuring your car." So they paid their money and slept more peacefully at night.

Others enjoying more restful sleep this week were the directors of Midland Bank, who avoided the dire fate, widely predicted in the City, of passing their final dividend. Midland managed to pay the same (reduced) final dividend as in the year before. Its share price rose 21p to 260p. Dividends were also the subject of much boardroom discussion at Barclays Bank, where the directors seriously considered cutting the final payout. In the event, they ate into reserves, and held the dividend.

One encouraging sign was that in the second half of the year, Midland's bad debt charge fell. So did Barclays', but by a proportionately smaller amount. Barclays' share price ended Friday at 361p, down 27p on the week. Since the stock market peaked in September, Barclays has underperformed the FT-Actuaries All-Share index by 19 per cent; Midland has outperformed it by 7 per cent.

Results of other big companies reporting this week came in more or less in line with expectations. Before the results season started Warburg Securities had expected the 22 big companies that have so far reported to show full-year pre-tax profit declines of 8 per cent, on average, and that's exactly the figure that they came in at. Nothing to disturb the sleep of the unhedged investor there.

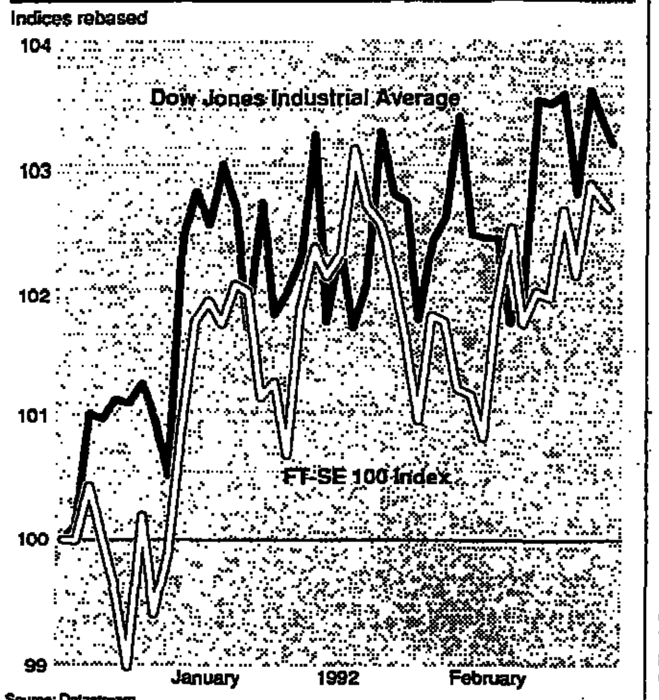
Anyone who owns shares in Lonrho is probably used to the odd disturbed night, since the shares have halved in value in four months. This week's *insomnia offering was the discovery* that behind the group's poor preliminary results lay some even less encouraging annual report details: profits, already down sharply, would have been lower still without the £33m gained from disposals of property and the £27m of capitalised interest. The shares closed the week at 117p, down 12½p.

Results aside, the main influence on nocturnal activity these days is the electoral outlook. The Greek chorus of political pundits, after awarding the first round of this potential seven-round bout, in January, to the Conservatives, marked the February round to Labour. The stock market appeared to regard the slight adjustment of the odds with equanimity; the economic risks of a possible giveaway Budget were apparently offset by the political advantages it might offer to the Conservatives. The Bank of England signalled several times during the week that an interest rate cut was unlikely before the Budget, now ten days away. The money market appeared confident that it would come promptly then, however.

All in all, a week that could have offered plenty of reasons for staying in bed, had passed without too much bad news. Most individual investors – lacking the Royal's technical expertise in hedging, or its *pressing need to do so* – will be happy for the rest of the results season and the electoral campaign to go the same way.

A tale of two indices

Indices rebased



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2562 1	+ 19.8	2679.6	2054 8	Budget & base rate optimism
Airtours	268	+ 19	270	38¾	Holiday bookings up
Barclays	361	-26	489	327	Poor results
Capital & Counties	166	-15	353	165	Poor results
Courtaulds Textiles	538	+ 100	547	300	Encouraging results
Holmes & Marchant	24xd	-37½	100	24	Final dividend to be passed
Low & Bonar	164	-87	278	158	Well-received profits
McAlpine (A)	206	+ 14	308	182	Company profits forecast
Macarthy	319	+ 20	325	123	Agreed bid by Lloyds Chemists
Midland Bank	267	+ 37	267½	150	Better-than-expected results
PowerGen	240	+ 18	254	187	US buying
Royal Insurance	183	-36	491	177	Bad results, no final dividend
Tiphook	378	+ 66	587	295	Broker recommendations
Williams Hldgs	309	-22	375	206	Accounting worries
Yorkshire Water	406	+ 25	431	335	Water stocks strong

Serious Money

Seeking value in fields of conflict

By Philip Coggan, Personal Finance Editor

VALUE for money should be the consumers' battle cry in the financial services market of the 1990s. It is a concept that can be applied to many different financial products.

Take the reduction in unit trust initial charges announced this week by Murray Johnstone, which we cover in depth on Page III.

With so many companies chasing investors' money, it was perhaps inevitable that groups would start to compete on price.

Charging systems such as Murray Johnstone's are two-a-cent in the US, where investors have a wide choice of so-called "low-load" or "no-load" funds. In the UK, there is very little variation in unit trust charging structures.

Indeed, over the past few years, charges have risen while average performance has been poor; and the two facts may well be connected.

Over the past five years, the average unit trust manager has failed to beat the indices, inflation or, indeed, the building society. Does it make sense to pay people to sit in expensive City office blocks when a computer, programmed to match the index, could be both better and cheaper?

Perhaps there is a case for paying a premium price to companies which can outperform the index consistently; and for those which cannot beat the index to charge a lower fee until they can improve their returns. Such a system would be closer to offering investors value for money.

Indeed, there is a general point here. For years, some of those working in the City were earning vast salaries. The best and the brightest of the nation's youth were lured away from industry and into the Square Mile.

The problem has been that, in a free market, the financial services sector has not been generating the profits to justify such high salaries. The 1987 crash was one body blow; the recession has been the next.

Whatever the reason, the sector's costs are too high. The banks, in particular, which face bad debt problems on their personal and corporate loans, are being forced to cut back. (Of course, the lion's share of job cuts will fall on the modestly-paid branch staff).

But the cost structures of the High Street banks mean that consumers can obtain better value elsewhere across a range of services.

A good example is the cash unit trust sector described on Page IV; but the same phenomenon can be seen in credit cards and high-interest cheque accounts. Inertia is probably the main factor that still binds many customers to the Big Four.

'Charges have risen while performance has been poor'

Value for money is a theme we have also been trying to emphasise in covering the life assurance sector. Those who maintain their endowment policies to maturity seem to get good value (although other options may have done better); and there can be little doubt that those who surrender them in early years do not.

One of our consistent criticisms of life products is that consumers do not receive information on their costs and penalties in a form that most people would understand easily. Without information, it is hard to get value for money.

How might that information be presented? Perhaps a rough abbreviation of what the adviser or salesman could say *would run as follows.*

"I think you need life insurance and a savings scheme. You can bundle them together in one product called an endowment policy, in which case the insurance element costs you £x a month and the life element £y.

"Or you can take out term assurance and a unit or investment trust savings plan at £a and £b a month.

"On past evidence, this is what the average endowment policy with that premium has been worth if cashed-in after two, *five, 10, 15, 20 and 25* years. The average unit and investment trust savings schemes over those same periods has been worth this much.

"There is a greater element of security in the endowment policy, plus a steady increase in the amount of life assurance. The unit or investment trust savings scheme is more flexible and, if personal equity plans continue, has a more favourable tax position.

"Would you like the security or the flexibility? If you don't think you can keep up the payments, then the inflexibility of the endowment is a disadvantage.

"If you are a cautious sort, who is conscientious about meeting commitments, the endowment will probably be better for you.

"I should tell you that I will receive more income in commission, which comes out of your pocket, if you buy an endowment rather than the other policies."

One could quibble with the details (and no doubt I will get some letters doing just that), but that might be an approximation of the style and substance of a "value for money" piece of advice.

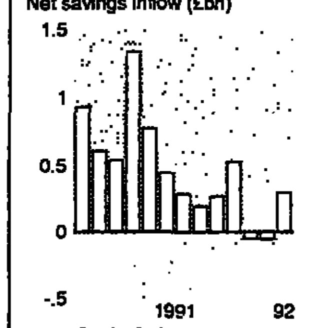
Having said that, I still believe that *FT* readers will benefit from approaching an adviser who charges a fee. Such advisers have a commonality of interests with their clients; the commission system creates potential conflicts of interest all the time.

No doubt many honest advisers surmount it, but the conflict is there all the same.

AT A GLANCE

Building Societies

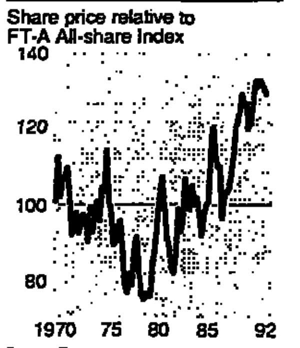
Net savings inflow (£bn)



Source: Building Societies Association

Foreign & Colonial

Share price relative to FT-A All-share Index



Source: Datastream

Gloom for building societies

There was not much in the way of good news in figures released by the building societies association this week. The best was a modest upturn in net receipts to £293m in January after two months of net outflows – a far cry from the £934m in net receipts in January 1991 and the year's peak of £1.3bn in April.

Mark Boleat, director-general of the Building Societies Association, said last month's inflow of money "owed much to the first anniversary of Tessa accounts. The underlying flow of savings remains subdued and this pattern seems set to continue for the foreseeable future." There was little sign of improvement in the societies' mortgage business either. Net new lending at £2 27bn in January was down from £2.53bn in December

F&C increases dividend

Foreign & Colonial Investment Trust, the UK's largest trust, this week announced an 11.6 per cent increase in its final dividend, the 21st annual increase. Net assets per share rose 21 6 per cent in 1991. The graph shows how the trust has outperformed the All-Share during much of the 1980s, thanks in part to a narrowing of the discount to net assets. Since 1965, Foreign & Colonial's share price has grown 2,133 per cent, while the All-Share has risen by 470 per cent

Cut-price deals on M&G fund

Advisers continue to offer cut rate deals on M&G's Recovery Investment Trust, the prospectus of which is published today. One of the cheapest offers is from Garrison Investment Analysis (a Fimbra member, on 0742-500720) which is offering to do the deal for a fee of £20, taken out of commission. The trust has a split capital structure; investors have a choice of applying for a package at 100p, or through a tender offer for the individual units' zero dividend, income and capital.

Smaller companies buoyant

Small company shares had a buoyant week. The Hoare Govett Small Companies index (capital gains version) rose 0.7 per cent to 1207.80 over the seven days to February 27; the county Small Companies index rose 0.6 per cent to 957 96 over the same period.

Eagle Star cuts bonuses

Eagle Star Life has announced reduced reversionary and terminal bonuses on its endowment and pension policies. Using the standard industry assumptions that a policy was started by a 29-year-old man investing £30 per month, 10-year pay-outs dropped from £7,449 to £6,896, while 25-year maturity values fell from £62,785 to £61,910. This is in line with the industrial trend for 10-year policies to see a much sharper cut than 25-year contracts.

Cornhill launches new life product

Cornhill Insurance has taken the unusual step of launching a heavy promotion for a life product without an investment element. Weddinglife is a renewable 15-year term insurance policy, which a couple can take out to insure each others' lives. There are options to renew for longer periods, and to increase cover when children are born.

Wall Street

Dow carried upwards by a tide of cash

FORGET THE economy, corporate profits and election-year politics, the stock market is being propped up by sheer weight of money.

Share prices have been on a record-breaking spree since New Year because investors have been pouring money into stocks, creating a pool of buyers that is supporting prices irrespective of the fundamentals of the market.

Look at the numbers supplied this week by the Investment Company Institute, the trade group for US mutual funds. In December investors handed over a record $7.4bn (£4.22bn) to stock mutual funds. January was not far behind, as another $6.7bn, the second-largest inflow ever, was put in stock funds. February, by all accounts, could come close to matching both.

The money managers have not stopped to think about what to do with it all. They have taken the money and put it straight in the market.

In fact, they have done more than that. The data shows that in January the funds invested a net $7.8bn in common stocks. This means that the professional investment managers invested all the money given to them in January, plus an additional $1.1bn from their stock of cash. By the end of last month, the percentage of assets stock-funds held as cash stood at 7.9 per cent, the lowest level in eight years.

Superficially, the key factor behind cash flows appears to be interest rates. The money that has been going into stock funds and the market has primarily come from assets such as bank certificates of deposit, savings accounts and short-term money market funds which yield less as interest rates fall.

Interest rates were on a downward path throughout 1991, but the final straw for yield-sensitive investors appears to have been the Federal Reserve's one percentage point cut in the discount rate on December 20. This prompted a big switch into equities by investors unhappy with the low yields on alternative short-term assets.

Yet the rush into stocks may be about more than just interest rates and relative returns on financial assets. Some observers believe investors' new-found appetite for equities may reflect a secular, rather than a cyclical, trend.

It can be argued that investors are putting money in stocks for the long-term, and not just punting on interest rates or betting on a short-term rebound in the economy and corporate earnings. In particular, the baby-boom generation – people born in the 1950s and 1960s who have careers and families – may view equities as an important element in their long-term savings plans.

The financial services industry is certainly keen to encourage such thinking. A recent spate of television commercials by broker-managers such as PaineWebber, Dean Witter, and Merrill Lynch, and by traditional fund groups such as Fidelity, have been aimed at persuading the heads of young families to prepare for their childrens' future and their own retirement by investing in long-term stock funds now. Thus, in spite of the well-known risks of investing in equities, investors are being told that the market offers long-term protection for savings capital.

There is some evidence to suggest that investors are swallowing this. According to Strategic Insight, a New York-based mutual fund consultancy, 80 per cent of the money put into stock funds this year has been invested with just 56 funds, the majority having built their success and reputation providing investors with a healthy return over the long-term. Another 530 stock funds have suffered net outflows of cash during the same period.

If attitudes to equities are genuinely changing, and more investors settling in for the long-haul, the market may become less sensitive to the short-term external influences that disrupts sentiment and feeds volatility.

There was plenty of volatility in the market this week, however, as the Dow index reached a record high on twice only to fall back sharply the following day. The uncertainty was created by conflicting economic news.

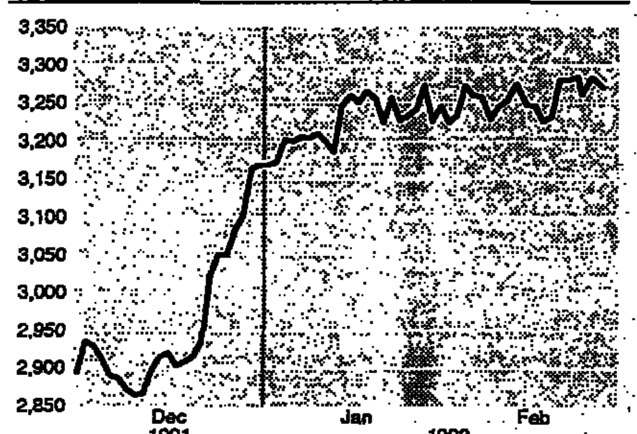
On Tuesday, the Conference Board reported that consumer confidence fell in January to the lowest level since 1974. The next day the Commerce department reported that factor orders for durable goods rose 1.5 per cent in January, a bigger rise than expected. On Thursday *weekly jobless* claims showed a rise in unemployment. Yesterday brought a rise in the University of Michigan's survey of consumer confidence and an unexpectedly large upward revision in fourth-quarter GDP growth.

Amid all this confusing data, no wonder more investors seem happy to leave their money in the market for the long-term.

Patrick Harverson

Monday	3282.42	+ 2.23
Tuesday	3257.83	– 24.56
Wednesday	3283.32	+ 25.49
Thursday	3269.45	– 13.87

Dow Jones Industrial Average



Source: Datastream

The Bottom Line

Companies face a dividend dilemma

INVESTORS who rely on share dividends for income will be facing this company reporting season with trepidation. Many companies are expected to cut dividends or even omit them altogether.

Since analysts expect corporate earnings to have fallen generally in 1991, companies will be under pressure to cut dividends. Even so, forecasts are for a small increase across the market. Broker Barclays de Zoete Wedd suggests a 4 per cent rise from industrial companies as a whole.

This would, roughly, match the rate of inflation, against which investors look to rising equity dividends to provide a hedge (although, as the chart shows, there are periods such as the 1970s when this has not happened).

Many companies must decide if they can afford to maintain a dividend, despite lower profits, in the hope that the economy and their business will recover in the near future; or if they should conserve much-needed cash and reduce the pay-out. If after-tax profits are too little for a dividend, then companies will have to draw on reserves from previous years.

Brokers say the level of dividend cover – the number of times a dividend could be paid from available earnings – has fallen to around two. That is lower than in the depths of the recession early in the 1980s.

Even when the economy begins to bounce back, it could take a long time for dividend cover to be rebuilt. For it to reach 2.5, BZW estimates that three years of earnings' growth of 12 per cent annually, with no dividend increases, would be needed. Investors with long memories will recall that after ICI, the chemicals group, cut its dividend in 1981, it took eight years to be restored in real terms.

Already, some leading companies have announced reductions. Lonrho cut its final dividend from 8p to 5p, and Vickers from 6.2p to 2.3p. And, this week, Royal Insurance passed its final dividend, which had been 14¾p in 1990.

Meanwhile, other companies have not increased the pay-out as much as hoped. BP, for instance, did not raise its final dividend at all.

In such cases, there is often a double blow for investors – not only the reduction in income but also a fall in the value of their shares. Royal's shares fell from 226p on Thursday morning, before its results were announced, to 183p by last night.

Hanson, the Anglo-American conglomerate, took a different course, changing from half-yearly to quarterly dividend payments. Although shareholders will end up getting the same amount in the end – and, in future, it might even be more convenient to receive dividends quarterly rather than half-yearly – it might seem in the short term that they are worse off.

It is not all bad news, however. Holders of Midland Bank shares, who had braced themselves for no final dividend, were pleasantly surprised on Thursday when the clearing bank paid 1.7p, the same as for 1990. Midland's shares rose from 239p on Thursday morning to 267p last night.

Vickers, which reported final results on Monday, pleased the stock market when it did not cut its final dividend by as much as analysts had expected. On Thursday, Alfred McAlpine, the construction and house-building group, decided to maintain its final dividend even though *it had to* dip into reserves.

As March stretches ahead, though, many companies are likely to reduce final dividends. Which ones? A clue can be gleaned from the yield column in the daily share price tables.

Companies with shares offering high yields on the basis of their payment last year are probable candidates for a dividend cut, since their share prices had been pushed down in anticipation. Shares in companies such as construction group Tarmac, insurance giant *Guardian Royal Exchange*, Harrisons & Crosfield, the conglomerate, and T&N, the motor components group, are on historic double-figure yields.

As these names show, the worst of the dividend cuts are likely to be in sectors hit most by the recession, such as building and engineering and the financial sector. Elsewhere, in such sectors as health and household, or among consumer goods groups, there are prospects of dividend increases.

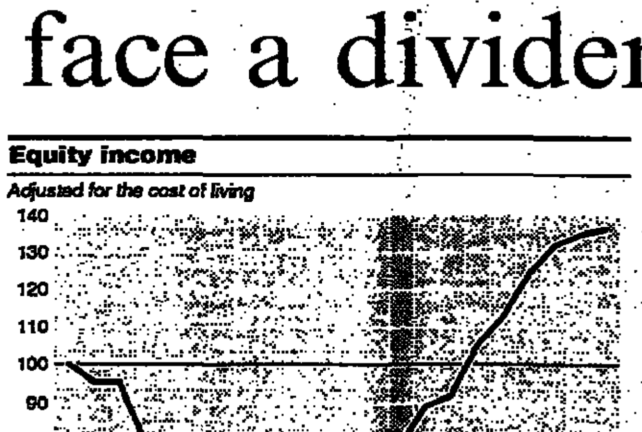
A year ago, some of the big fund managers were urging companies to maintain dividend payments. Now, though, cuts are almost respectable.

Last autumn, the governor of the Bank of England warned companies of the dangers of paying dividends they could not afford. Many companies must hope that, with such authoritative backing, their shareholders may forgive them for taking a prudent stance.

Maggie Urry

Equity income

Adjusted for the cost of living



Source: Barclays de Zoete Wedd Research

FINANCE AND THE FAMILY

Lifting the load of unit trust charges

***Philip Coggan** assesses the impact of a bold move by Murray Johnstone in cutting its initial fees for fund management*

THE FRESH air of competition was brought into the unit trust market this week – and investors can reap the benefits. Murray Johnstone has cut the initial charge on its range of unit trusts from 5 to 1 per cent, which will bring immediate savings to new investors.

The initial charge is one of two key factors which make up the spread between bid and offer prices. The other is the cost of dealing in the shares which the trust owns.

By cutting the initial charge, this spread between bid and offer prices will be reduced sharply, as the table below shows. This means that a unitholder's investment will have a smaller hurdle to surmount before he makes a profit. If charges fall across the industry, returns to investors should increase.

The effect on Murray Johnstone's trusts was seen in a fall in offer prices. The price of its equity income fund – 83.7p at Tuesday's opening, before the change – fell immediately to 81.31p. The bid price, however, rose from 78.43p to 78.94p.

This spread looks a lot better than the rest of the industry. On February 1, the average spread on all non-cash unit trusts was 6 per cent, according to Finstat. So, an investor who buys into a Murray Johnstone unit trust is making an average saving of between 1.8 and 4.2 per cent.

The initial charge on a unit trust personal equity plan from Murray Johnstone will also fall, from 5 to 1.5 per cent.

Murray Johnstone is not being entirely altruistic. It is increasing the annual management charge on the trusts from 1 to 1.5 per cent as part compensation for its reduced initial charge. But an annual charge of 1.5 per cent is not out of line with much of the sector.

Existing Murray Johnstone unitholders might not see the move as entirely beneficial; they have already paid the 5 per cent initial charge and now face a rise in annual charges. But they will be offered an extra discount of 0.5 per cent – bringing the initial charge down to 0.5 per cent – on any new funds in which they invest. They might also expect to benefit if large numbers of new unitholders are attracted, as growing funds are expected to perform better than shrinking funds.

The Murray Johnstone initiative certainly is against the industry trend. Over the past few years charges have tended to rise, not fall, with initial fees edging up from 5 to 6 per cent and annual fees from 1 to 1.5 per cent.

Lazards already offers funds with no initial charge, but these require a minimum investment of £5,000. Some cash trusts also have no initial charge. But Murray Johnstone is offering its service across a wide range of funds and on a minimum of just £500.

In the US, a large number of mutual funds (the equivalent of unit trusts) have reduced or no initial charges, and are known as "no-load" or "low-load." But the UK industry has not moved in the same direction because of the difficulty in selling such funds.

Unit trusts are sold mainly through tied agents and independent financial advisers, who are offered a 3 per cent commission on each deal. The commission is the main component of the initial charge. Without it, there is no incentive for advisers to recommend a trust – and that will be the main barrier to Murray Johnstone making a success of its radical move.

The company is, however, offering a renewal commission of 0.5 per cent to advisers who keep client money within the group's trusts for a year. This commission will be paid out of the group's annual management fee and is designed to encourage long-term investment.

Although Murray Johnstone reported an encouraging reaction from advisers this week, it may need to rely on those few advisers who charge a fee (see companion piece), or investors who buy trusts direct. The latter can do so by ringing 0345-090-933 or by writing to Murray Johnstone for further information at 7 West Nile Street, Glasgow G2 2PX.

Other fund managers doubtless will claim that they can produce better investment performance than Murray Johnstone, Thus, their unitholders will prosper in the long run, despite the higher initial charges. And it is true that while the three-year performance of Murray's unit trusts (shown in the table) is not dreadful, neither is it particularly impressive.

Ignoring the cash fund, only two Murray Johnstone funds have a top quartile (best 25 per cent) sector performance, with one of those being the tiny UK growth trust. But performance has been improving. Over the (admittedly short) one-year period, eight out of nine funds have produced above-average growth for their sectors. And the group's short-term performance should be given a boost by the reduction in the initial charge.

Over the long term, it could be that those funds which retain a 1 per cent annual management fee, but a higher initial charge, turn out to be offering better value. But Murray Johnstone's bold move has to be welcomed by anyone who wants to see greater competition in the financial services market.

How the spreads will change

Trust	Old spread (%)	New spread (%)
Amer Income	5.55	1.78
European	6.29	2.63
Equity Income	6.29	2.83
Far Eastern	6.29	2.83
Olympiad	5.99	2.04
Olympiad Inc	6.30	2.38
Small Cos	6.28	4.22
UK Growth	6.31	3.37
Acumen	6.30	2.81
Acumen Res	2.89	0.97

Source: Murray Johnstone

Murray Johnstone's performance

Trust	Size (£m)	3 yr perf	3 yr sector perf	Sector ranking
Amer Inc	15.3	+30.6	+38.9	69/111
European	25.4	+14.6	+22.1	80/105
Equity Inc	47.2	+6.3	+0.9	29/105
Far Eastern	10.4	+2.2	-1.2	19/48
Olympiad	8.3	+0.6	+10.7	94/130
Olympiad Inc	3.5	+21.6	+10.0	5/16
Small Cos	3.9	-30.1	-15.6	44/54
UK Growth	1.1	+19.1	+3.2	21/126
Acumen	15.9	+16.1	+1.2	4/26
Acumen Res	neg	+28.7	+27.8	1/2

Source: Finstat. Offer-to-bid with income reinvested to February 1.

Time to try a tracker fund?

TRACKER funds have until now offered the simplest way to lift the "load" of unit trust charges, writes John Authers. They do this by removing one of the biggest expenses – the cost of active fund management. Tracker funds make no attempt to "beat" bench-mark indices. Instead, they use complicated quantitative techniques to mirror the performance of the index as closely as possible.

In some cases this just means "replicating" the index by buying holdings in every share in the index (in the correct proportions). Others carefully choose a basket of shares which have in the past shown a tendency to track the index, with occasional adjustments to reflect changes in index weightings.

Once established, a good part of the management of an index fund can be left to the discretion of the computer. In the UK, this means that annual management charges are significantly lower than on other trusts. For example, Gartmore and James Capel both only charge 0.5 per cent.

Leaders in the field so far include James Capel and Legal & General, both of which now have strong quantitative teams, and Gartmore.

Initial charges tend to be up with the industry's average – for example, James Capel charges 5.25 per cent at the front end, while Legal & General charges 5 per cent. However, Gartmore's front-end load is well below the average – 3.75 per cent – and its chairman Paul Myners does not rule out lowering this further if the group's costs can justify it.

Nobody, however, seems to view tracker funds as a route to US-style "no load" funds. Rather, they are viewed as an aid to portfolio management – individuals or institutions can guarantee that a substantial ballast of their portfolio will mirror the index, and then rely on "satellite" investments to add value.

Michael Hayden of L&G says: "We believe they are building blocks for independent financial advisers. They are core holdings to give you exposure to the market as a whole."

However, a big point in favour of trackers is that mainstream unit trust performance currently looks dismal. They are trying to beat the indices, but conspicuously failing to do so. This makes the lower management fees of index funds look much more appealing.

Other ways to cut charges

IT IS possible to reduce the initial charge you pay on unit trusts without relying solely on the fund management expertise of Murray Johnstone, writes Philip Coggan.

Investors with substantial sums have long been able to negotiate reduced charges from companies, and larger IFAs have used financial "muscle" to get lower spreads for clients.

A new group of fee-charging advisers is also emerging. Some will advise on unit trusts as part of an overall package; the price you pay will depend on the work and the time involved. It is important not to believe that you are paying "extra" by writing a separate cheque for a fee; commission also comes from your pocket, only in a less obvious manner.

Other fee-based advisers are offering execution-only services; for example, Chamberlain de Broe (071-235-5999) charges a flat fee of £50 and Boyton Financial Services (0787-61919) £60. Such services are cheaper than paying 3 per cent commission if one is investing more than £2,000.

Execution-only services are designed for those who have already made their mind up about unit trust selection. Those who need advice will have to pay for it; one could argue that a 3 per cent commission is not an unreasonable charge to pay for good advice.

The snag is whether "good advice" is what will be received. Efficient market theory would assume that the average IFA selects trusts with an average performance. The trick is to select the above average IFA, and that could be as difficult as selecting an above average unit trust.

FINANCE AND THE FAMILY

Commissions soar

IF YOU bought a 25-year endowment policy from a tied agent last year, at premiums of £50 a month, the chances are that you will end up paying £570 in commission. A year previously, an exactly similar policy would probably have cost £534 in commission.

This was one of the more startling conclusions from a survey of commissions published last week by Lautro, the life industry's regulator. It showed that commissions took a greater share of premiums last year, and that tied agents tended to get more than independent advisers.

The old maximum commission agreement (MCA), which put caps on the commissions paid on different life products, ended in December 1989, although most companies still base their commissions on it. Competition for distribution outlets then forced the life offices to offer bigger initial commissions. These increases continued last year although renewal commissions have remained broadly unchanged, at around 2.5 per cent.

But there are big variations in the levels of commission being paid. For example, using the same assumptions as above for a £50-a-month, 25-year endowment, tied agents might have been paid as little as £435.60 (10 per cent above the old ceiling), or as much as £641.52 (a thumping 62 per cent increase).

Insurers have been less generous in their payments to independent advisers. Thus, if you had bought a similar policy from an IFA, it would on average have cost £498 in commission (up from £486 the previous year). Total variation is from £419.76 to £578.16.

The difference between IFAs and tied agents is more marked on pensions. IFAs on average received 123 per cent of the MCA level for selling 10-year pensions last year – exactly the same as in 1990. On 25-year policies, there was a slight increase from 124 per cent to 126 per cent.

But tied agents received on average 144 per cent of the old rate for 10-year policies (up from 131 per cent), and 140 per cent (up from 133 per cent) for 25-year pensions.

The upward pressure on commissions is much higher for products which include an element of life assurance. Put £1,000 in a unit-linked single premium bond and you would probably pay £58 to an appointed agent and £52 to an IFA. The old maximum was £36. If you had put your £1,000 into a unit trust, you would probably have paid a tied agent an average of £32 (down from £33 the previous year), while IFAs would have received £31. Under the MCA, you would have paid £30.

John Authers

The money-makers

Scheherazade Daneshkhu on cash unit trusts

CASH unit trusts sound like a contradiction in terms. Unit trusts normally invest in equities, which carry the risk of a fall in the value of the investor's capital. But cash unit trusts invest in the money markets, where money is bought and sold for short periods by institutions.

The value of the trust rises as the interest on the deposits accrues. The value of the units – and your holding – goes up in proportion. As they can offer investors a high yield, cash unit trusts are an alternative to bank and building society savings accounts.

RATES

"The advantage of a cash unit trust for the private investor is to gain access to money market rates, which can be better than rates of interest found elsewhere," says Simon Ballard, marketing director of Morgan Grenfell.

Money market rates change daily but are usually around those of base rates, now 10.5 per cent. When it is expected interest rates may fall, money market rates are likely to be slightly below base rates – as is now the case.

Cash unit trusts are relatively new. Two started in 1989 and another eight the following year. Most of the 34 operating today were launched in 1991 and the total invested in them is £230.6m, according to figures from *Finstat*.

Fidelity Investments has cornered about a quarter of the market, with its trust standing at £58m. The fund invests only in bank deposits. A credit analysis department selects the least risky banks with no more than 20 per cent invested in a single institution. The minimum investment is £1,000 but those who keep £5,000 in the fund can have a cheque book (cheques must be for a minimum of £250).

On Thursday, Fidelity was paying 10.28 per cent gross on £1,000 and Morgan Grenfell 10.7 per cent. Daily rates are published in the *Financial Times* under the Authorised Unit Trusts section. (The yield figures listed in the table below indicate the current annualised rate of return from February figures provided by *Micropal*).

Most cash unit trusts carry an annual management charge of 0.5 per cent, which is deducted out of the trust's income. Rates quoted above are net of this deduction.

There are still a few banks or building societies that offer better rates on an amount as low as £1,000: Bradford and Bingley's Direct Premium postal account, has been paying 10.95 per cent gross on a £1,000 minimum (but this will fall to 9.95 per cent on Monday). Wimbledon & South West Finance is paying 10.6 per cent gross (11.03 per cent CAR) on £1,000 in its High Interest (instant access) cheque account and Nottingham BS is paying 10.65 per cent on its Post Direct instant access postal account (minimum deposit £2,500).

Otherwise, the best available rates are 10 per cent gross on Caledonian Bank's High Interest current account and Co-Op's Pathfinder account (10.5 per cent CAR). Southdown building society's Supersaver account is paying 9.7 per cent gross. Cheltenham & Gloucester pays 10.4 per cent on its London Share postal account, although the minimum deposit is £2,500.

Most other accounts are paying well below base rates. Lloyds, with 8.5 per cent gross on its instant savings account, offers the best rate of the Big Four on £1,000. (This is due to drop to 8 per cent on March 2).

Some bank and building society savings accounts will pay rates competitive with, or better than, those on the money market; but these tend to be on amounts of at least £2,500 or on a minimum notice period of 28 days and more (usually, 90 days). And banks and building societies can offer accounts which are competitive one day and less so the next – without investors being told of the change.

Withdrawing your money from a cash unit trust operates similarly to postal accounts. Fidelity, Morgan Grenfell and Scottish Amicable provide customers with withdrawal slips which you post, and cheques are sent three or four days later. Fidelity will, at no extra cost, arrange for a telegraphic transfer the day after it receives the withdrawal form. If the depositor has more than £5,000, he can use the cheque book to settle bills or to pay money into a current account.

CHARGES

There is no initial charge on most cash unit trusts, compared with the normal charge on a unit trust is 5-6 per cent. Only 10 managers still retain a front-end charge on their funds, including Scottish Amicable. Yet, despite this seeming to be a disadvantage, Scottish Amicable has the second-largest share of the market, with £33.6m in its Maximum Income cash unit trust (minimum investment £5,000 and Thursday's yield was 9.9 per cent).

The initial charge is 2.5 per cent and there is an 0.5 per cent annual management charge on top. "We launched at a time when no one thought of offering a unit trust without a charge," says a Scottish Amicable spokesman. "The whole bid/offer spread was a policy decision to create a unit trust rather than a fund. But I would not be surprised if the decision were to be reversed."

Scottish Amicable created the fund to take advantage of the move to independent taxation in 1990, when it became possible for a non-taxpaying spouse to receive income gross. However, the abolition of composite rate tax has changed the market since then.

Banks and building societies now can pay income gross without the need to reclaim tax, giving them an advantage over cash unit trusts if their accountholders are non-taxpayers. Cash unit trusts cannot pay income gross, although the investor can reclaim the tax in the usual manner.

Investors with cash unit trusts are protected by the investor's compensation scheme, which provides a maximum of £48,000.

WHAT THEY PAY ON £1,000

Cash Unit Trusts	Gross Yield (%)
Fidelity Cash	10.3
Scot Amicable Max Income*	10.2
Holborn Cash Haven	10.1
Capital House Cash Acc	10.7
Mercury Cash Acc	10.5
Gartmore Cash Acc	10.7
Midland Money Mrkt Acc	9.6
Stewart Ivory Majority*	10.1
S&W Cash	10.4
Stewart Ivory Managed Cash	10.2
Morgan Grenfell Cash	10.3
Banks and Building Socs	**Gross Interest (%)**
Brad & Bingley Dir Premium +	9.95
Wimbledon & South West	10.60
Caledonian Bank High Int	10.00
Co-Op Bank Pathfinder	10.00
Southdown BS Supersaver	9.70
TSB Flex Savings	8.60
Lloyds Instant Savings +	8.00
Abbey National Instant Save	7.90

*Source Unit trust stats from Micropal *Front-end charge. + from March 2.*

The Week Ahead

AT BICC, the cables and construction group, the impact of recessions in North America, Australia and the UK was previously softened by the resilience of the continental cables market. But last year that stronghold began to weaken and pre-tax profits are expected to have fallen to around £100m from (£183m).

The range of estimates ahead of Wednesday's announcement is quite wide because of uncertainty about the level of exceptional charges for such things as property write-downs and reorganisation. Other areas of doubt include the margin-squeeze at Balfour Beatty, the construction wing, and the state of the balance sheet.

General Accident, the general and life insurer, reports its 1991 results on Tuesday. Like Commercial Union and Royal Insurance, GA is expected to post losses. However, the company's exposure to mortgage indemnity losses, which contributed heavily to Royal's disastrous performance this week, is limited. Even so the company's underlying trading performance is weak and losses for 1991 are expected to be around £160m, compared with £121m last year.

GKN, the motor components and industrial services group, is expected to show on Wednesday pre-tax profits virtually halved from £172m in 1990 to between £85m and £90m last year. Among the charges is the cost of job cuts, and that process is expected to continue.

With most of its continental European markets turning down alongside the UK and US, the few cushioning factors have included its involvement in new models. GKN is credited with good cash conservation and the dividend is thought to be safe although uncovered.

Cadbury Schweppes' premium rating among food-processing shares will be put to the test when it reports full-year results on Wednesday. Though last year's overall growth in UK confectionery and soft drinks volumes was unexciting, the company is thought to have benefited from a last-minute pre-Christmas buying surge and from steady price increases on the drinks side. Analysts' forecasts range from £310m to £316m pre-tax, up from £279.6m in 1990.

Ladbroke, the leisure group, is expected to report on Thursday a one-third fall in pre-tax profits to around £210m (£305m). Three of its four divisions – hotels, betting and retail – will be worse off. Only Texas, the DIY chain, will be ahead. Property disposal profits and lower interest charges thanks to its August rights issue, will help offset the weak trading performance. The full-year dividend will probably show a modest rise from 10.6p to around 11p.

On Tuesday Abbey National, the retail banking group, is expected to announce pre-tax profits for 1991 between £610m and £630m, up from £582m a year ago. This would make it the second most profitable bank in the UK, a whisker behind Lloyds (£645m) but comfortably ahead of Barclays (£533m). Provisions against loan losses will be sharply up from last year's £55m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	9¼	9	8	6.07	United Energy
Macarthy	327	319	321	90.00	Lloyds Chemists
Marina Devs.	180*§	180	98	31.22	Yattendon Inv.
Pickwick Grp.	242½	240	173	64.99	Carlton Comm.
Polymark Intl	37*	36	34	4.33	Polyfinance
Do. Pfd. A	164½*	163	131	5.08	Polyfinance
Robinson (Thos)	27	27	12½†	42.69	BM Group
Steetley	391	377	274	611.05	Redland
Taveners	165*	155	130	4.77	Toms Fabrikker
Thornton (G.W.)	200††	198	203	13.28	Bromsgrove Inds
Trevian Hldgs	45*§	45	40	2.87♣	Frogmore Ests
Wilkes (J.)	151½	167	177	26.66	Petrocon

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 4.30pm prices 28/2/92. †At suspension §§Shares and Cash. ♣ For 56% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Divs* per share (p)	
Aitch Holdings	Nov	6,900 L	(780L)	-	(-)	-	(-)
Barclays Bank	Dec	533,000	(760,000)	15.2	(24.7)	21.2	(21.2)
Berkeley Govett ©	Dec	53,816	(46,272)	53.1	(46.5)	22	(19)
Birmingham Midshire	Dec	9,500	(15,900)	-	-	-	(-)
British Gas ♥	Dec	1.46bn	1.55bn	21.6	(21.5)	10.25	(12.5)
Brooks Tool Engin.	Sept	1,300L	(1,300)	-	(2.2)	0.25	(1.225)
Burlington Group	Dec	90◆	(75)◆	0.61	(0.51)	0.6	(0.5)
Capita	Dec	3,450	(2,510)	15.7	(13.7)	5.4	(4.5)
Chieftain Group	Dec	1,060	(1,040)	8.27	(7.79)	4.9	(4.6)
CMG	Dec	9,100	(8,600)	39.8	(37.0)	13.1	(12.7)
Commercial Union	Dec	68,600L	(1,400)	-	(5.2)	23.65	(23.0)
Courtaulds Textiles	Dec	42,200	(40,300)	31.1	(30.9)	13	(12.3)
Cranbrook Elec.Hdgs	Sep	653L	(696L)	-	(-)	-	(-)
Daily Telegraph	Dec	40,500	(38,500)	25.4	(17.8)	9.0	(12.0)
Dunedin Income Grow	Jan	7,960◆	(8,170◆)	25.04	(25.72)	25.4	(24.0)
English & Over. Prop	Dec	2,320L	(134L)	-	(-)	1.0	(2.5)
Foreign & Colonial	Jan	-	(-)	3.38	(3.29)	3.19	(2.9)
Gartmore Emerging	Dec	32,300#	(28,400)#	-	(-)	0.28	(0.1)
Grafton Group ●	Dec	3,545	(5,183)	17.1	(22.9)	6.25	(6.0)
Green Property ●	Dec	1,700	(1,470)	8.42	(6.01)	3.8	(3.5)
Hewitt Group	Dec	625	(585)	11.4	(10.9)	2.5	(2.5)
ICI	Dec	843,000	(936,000)	76.4	(82.3)	55.0	(55.0)
Kalon Group	Dec	9,220	(5,870)	5.28	(3.64)	2.2	(1.5)
Kleen-e-ze	Aug	1,140L	(4,280L)	-	(-)	-	(-)
Kleinwort Benson	Dec	27,900	(68,000L)	14.34	(-)	16.0	(16.0)
Lloyds Bank	Dec	645,000	(591,000)	28.6	(24.0)	16.7	(15.3)
London Forfaiting	Dec	15,100	(9,050)	11.52	(5.71)	7.625	(7.25)
Low & Bonar	Nov	24,300	(25,200)	18.82	(19.71)	9.1	(9.1)
McAlpine (Alfred)	Oct	9,308	(9,200)	14.1	(19.8)	10.3	(10.3)
Mersey Docks	Dec	13,200	(10,800)	16.98	(17.92)	6.0	(5.0)
Midland Bank	Dec	36,000	(11,000)	-	(-)	3.4	(9.0)
Murray Int. Trust ◆	Dec	13,400	(13,400)	11.31	(11.32)	10.9	(10.2)
Nat Bank of N.Z §	Dec	82,000	(67,210)	-	(-)	-	(-)
National & Provin.	Dec	100,400	(59,800)	-	(-)	-	(-)
National Westminster	Dec	110,000	(504,000)	3.0	(13.0)	17.5	(17.5)
Paribas French Inv	Dec	592	(671)	1.35	(1.85)	1.2	(1.2)
Record Holdings	Dec	3,350	(4,740)	6.9	(10.4)	3.6	(3.6)
Royal Insurance	Dec	373,000L	(187,000L)	-	(-)	11.25	(26.0)
Ryan Hotels ●	Oct	975	(2,820)	1.11	(4.32)	1.0	(1.75)
Sedgwick Group	Dec	82,400	(90,700)	12.8	(10.4)	12.0	(12.0)
Skipton Build Soc	Dec	11,500	(32,100)	-	(-)	-	(-)
Smithkline Beecham	Dec	1.0bn	(860,000)	48.0	(41.0)	15.4	(14.0)
Taveners	Dec	400	(81)	11.82	(2.3)	6.0	(1.5)
Thomas Cook	Dec	8,900	(28,000)	-	(-)	-	(-)
TR European Growth	Dec	219◆	(624)◆	0.6	(1.72)	-	(-)
TR High Income	Dec	1,280◆	(957)◆	6.21	(6.23)	6.0	(6.0)
Tribune Inv. Trust	Dec	-	(-)	-	(-)	6.2	(5.9)
Unilever	Dec	1.79bn	(1.78bn)	61.62	(59.52)	18.94	(18.16)
Vickers	Dec	12,400L	(96,500)	-	(26.9)	6.0	(9.9)
Williams Holdings	Dec	168,000	(118,000)	22.8	(21.8)	12.35	(12.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
BBB Design Group	Oct	189L	(56L)	-	-
Bellwinch	Dec	385L	(13,600L)	-	(-)
British Assets Tst	Dec‡	-	(-)	1.04	(1.0)
Cabra Estates	Sep	11,300L	(5,230L)	-	(0.1)
County Smaller Co.	Dec	236◆	(184◆)	1.125	(-)
Dunton Group	Nov	252L	(2,710L)	-	-
Eleco Holdings	Dec	1,160	(2,340)	2.3	(2.3)
Isotron	Dec	1,280	(1,420)	1.37	(1.25)
Macro 4	Dec	3,830	(3,370)	5.14	(3.825)
Merlin Int'l.	Dec	2,690 L	(7,060 L)	-	(-)
Multitrust	Dec	84	(21 L)	1.5	(-)
Murray Income Trust	Dec	4,340◆	(4,030◆)	-	-
NFC	Jan‡	18,800	(18,100)	1.3	(1.2)
River & Mercantile	Jan	254◆	(759◆)	1.25	(1.25)
Scottish Inv. Trust	Jan‡	2,920◆	(3,700)◆	-	(-)
Throgmorton Dual Tst	Jan	692◆	(844)◆	1.75	(1.75)
Tuskar Resources	Sep●	1,010L	(765)	-	-
Usher (Frank)	Nov	585	(505)	2.0	(1.5)
Wetherspoon (JD)	Jan	1,010)	(432)	-	-
Whinney Mackay-Lewis	Oct	119	(167)	-	(0.75)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = First quarter figures. ◆ = Net revenue. # = Net assets. ● = Irish punts & pence. © = US dollars and cents. § = Net profits quoted in New Zealand dollars. ♥ = Dividends for nine months.

RIGHTS ISSUES

Addison Consultancy is to raise £16.3m via a 9-for-4 rights issue at 12p.
Berisford International is to raise £14m via a rights issue.
ECC Group is to raise £209m via a 6-for-25 rights issue at 415p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Avonside via its flotation is to raise £45.5m, half by a placing and half by offer for sale at 106p.
Firstland Oil is to raise £700,000 via a placing of 7m shares at 10p.
Rosebys is to seek a public listing via a placing of 10.2m shares at 115p.

RESULTS DUE

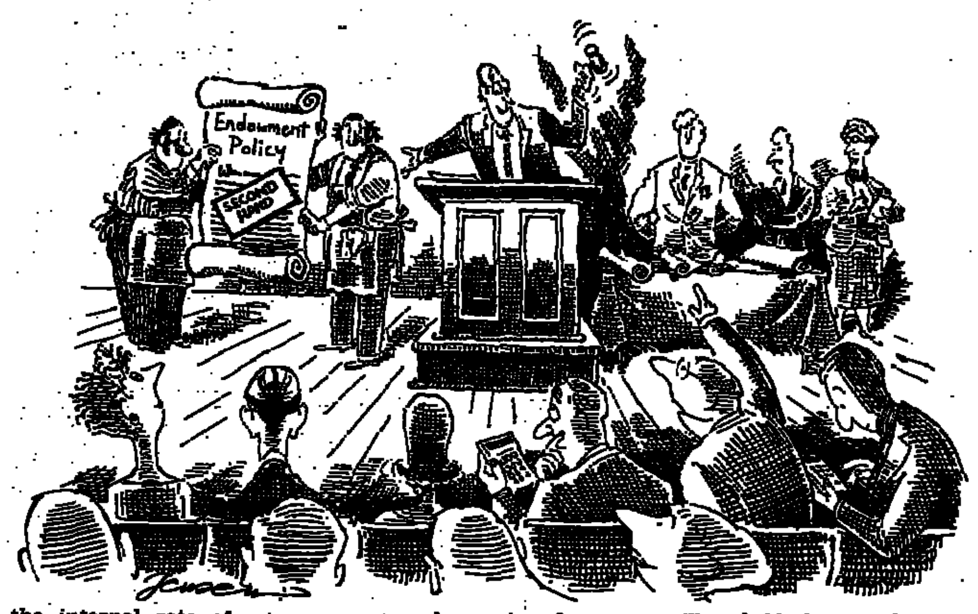
Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AAF Investment Corporation	Tuesday	5.0	6.0	5.0
Abbey National	Tuesday	3.15	6.35	3.5
Admiral	Tuesday	1.32	2.88	1.5
ASW Holdings	Tuesday	4.5	8.0	4.5
BICC	Wednesday	6.0	13.25	6.0
Billam (J)	Monday	1.64	2.4	1.64
British Polythene Industries	Wednesday	3.0	5.25	3.0
British Vita	Wednesday	3.3	3.4	3.45
Burnfield	Tuesday	1.65	3.85	1.65
Cadbury Schweppes	Wednesday	3.0	6.5	3.2
City & Commercial Inv Tst	Wednesday	3.93	5.27	4.24
Commercial Bank of London	Tuesday	-	32.5	-
Cowie (T)	Tuesday	1.2	2.5	1.5
CRH	Wednesday	2.15	4.3	-
Doeflex	Monday	1.32	2.70	1.32
Fisons	Tuesday	2.85	4.85	3.3
Fleming Mercantile Inv.Tst.	Thursday	2.25	4.15	1.6
French Property Trust	Thursday	-	0.47	-
General Accident	Tuesday	9.7	17.05	9.7
GKN	Wednesday	8.0	12.5	8.0
Gresham Telecomputing	Tuesday	-	-	-
GT Chile Growth Fund	Tuesday	-	-	-
Hampden Homecare	Tuesday	0.2	-	0.2
Harrington Kilbride	Monday	-	-	-
Instem	Tuesday	1.2	2.85	1.2
Intrum Justitia	Wednesday	0.8	1.2	0.8
Ladbroke Group	Thursday	4.68	5.93	4.92
Latin American Inv. Trust	Friday	-	-	-
Life Sciences	Thursday	1.0	1.9	1.15
Lilleshall	Monday	1.45	2.45	1.5
Metal Bulletin	Wednesday	2.4	4.5	2.4
More O'Ferrall	Thursday	3.2	10.0	3.2
MTL Instruments Group	Thursday	1.2	1.6	1.5
MTM	Thursday	1.7	3.4	1.87
Northern Engineering Inds.	Thursday	-	-	-
Pentos	Thursday	0.6	1.9	0.7
Readymix	Thursday	0.55	1.95	0.55
Rolls Royce	Thursday	2.25	4.7	2.55
Serco Group	Tuesday	3.5	7.5	4.0
Singapore Para Rubber	Thursday	-	1.0	-
Singer & Friedlander Group	Thursday	1.0	1.5	1.0
Stat-Plus Group	Wednesday	2.75	3.5	3.12
Templeton, Galbraith Hans.	Wednesday†	5.0	10.0	7.0
TLS Range	Thursday	-	1.8	-
TV-AM	Friday	4.0	10.0	4.0
Unidare	Monday	3.9	10.3	4.1
United Plantations Africa	Monday	-	-	-
Victaulic	Wednesday	4.0	8.0	4.7
INTERIM DIVIDENDS				
Bailey (Ben) Construction	Wednesday	0.3	0.5	-
Domestic & General Group	Monday	4.5	10.5	-
Galliford	Wednesday	0.95	3.35	-
Haggas (John)	Wednesday	-	3.0	-
Hays	Tuesday	1.3	2.7	-
Intereurope Tech. Services	Monday	2.0	5.4	-
Microfilm Reprographics	Tuesday	1.2	2.4	-
Pilco Holdings	Tuesday	3.5	4.25	-
Raine Industries	Thursday	2.0	4.0	-
Renishaw	Thursday	2.0	4.0	-
Seacon Holdings	Tuesday	1.5	2.7	-
Sinclair (William) Holdings	Wednesday	1.8	5.1	-
Thorpe (FW)	Monday	0.7	1.45	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = Figures quoted in US cents.

FINANCE AND THE FAMILY

How to . . . invest in a second-hand endowment

Buying other people's life policies



IF YOU want to invest in an endowment policy, why not buy someone else's? When buying second-hand endowments, you are unlikely to be sold a "pup." And such policies are offering attractive returns – around 14 per cent before tax.

It sounds baffling, but the market is surprisingly simple. You buy an existing endowment for a cash sum and pay the premiums until the contract matures. Then, you receive the maturity payment.

The market has expanded rapidly in recent years. Policies can be bought in two ways:

■ From a market-maker. This is the easier way. Lists issued each month by market-makers set out the available endowments, which are listed by maturity date and price. You simply look through the list for a policy with a suitable maturity date and decide if the price is acceptable.

Monthly lists from Beale Dobie, a leading market-maker, show maturity dates ranging from a few months to more than 10 years ahead.

Market-makers also give information to help you decide if the price is right and to judge the merits of the investment. This includes the name of the life company; the original term; sum assured plus attaching bonuses and premium; the approximate surrender value; the assumed maturity value on the life company's present bonus rates; the terminal bonus ratio; and the internal rate of return (IRR) – the before-tax return which the investor would get, including future premium payments, if this maturity value is achieved.

One point needs emphasising. You will need to be flexible about the amount of capital you can invest. This depends on the costs of the contracts available that meet your requirements. You must order quickly after receiving the list to beat other investors.

■ At auction. This is a much more specialist operation. The London-based firm of Foster & Cranfield has been holding monthly auctions of endowments and reversions for more than a century. Here, you have to decide how much you can pay and compete against other interested investors, although the company will give guidance on a realistic price range. But you have to judge the likely maturity values and the price worth paying.

Most investors assume that the life company will maintain its present bonus rates, both reversionary and terminal. But under Lautro's marketing regulations, life offices are no longer allowed to quote projected maturity values on their present bonus rates for periods greater than five years, so you will probably have to do your own calculations.

This is a straightforward exercise if you know the life company's present bonus rates. You can then build up the amount of bonuses on the contract year by year until maturity – an exercise that needs only a pocket calculator.

To work out how much you are prepared to pay, you need to decide on the minimum acceptable investment return after tax and then, using the estimated maturity value, perform a complicated discounted cash flow calculation.

Unfortunately, though, bonus rates are not stable at present. There is a big question mark hanging over the traditional life assurance industry's ability to continue bonuses at their present level. Some offices have cut them already and others may not be able to put off the day of reckoning for much longer, according to analysts. And when the cuts are made, they could be drastic.

This is of concern to potential investors in second-hand endowments who could well receive less than they expected on maturity. The question is, how much less?

This depends on the period before the endowment matures. A change in the reversionary bonus rate will significantly affect only endowments maturing in the longer term. But a cut in terminal bonuses will hit all policies.

Take Scottish Life, which reduced its reversionary bonus rates in 1991. The estimated maturity value of a Scottish Life contract on Beale Dobie's list – calculated on previous reversionary bonus rates of 13.90 per cent of the sum assured and 17.20 per cent of attaching bonuses and the same terminal bonus – would be £32,718. This is a difference of around 1 per cent from the new projected maturity pay-out of £32,413.

Investors would be far more concerned with a change in the terminal bonus rate. A cut here could have a bigger impact on the ultimate maturity value and the consequent investment return. In the above example, if the terminal bonus rate was cut by about a quarter to 40 per cent, the maturity value would be reduced by 8.5 per cent to £29,659 and the rate of return to around 12 per cent.

Beale Dobie has produced a useful table for clients showing the sensitivity of the rate of return to reductions in terminal bonus. But remember that the eventual maturity payout could be less than the anticipated or calculated figure.

Finally, tax can be payable on maturity. There are two cases to consider:

■ If it is a qualifying policy, you would be subject to capital gains tax. If it is bought in joint names of husband and wife, the combined exemption can be used.

■ If not, then you are subject to higher-rate tax on the profit, calculated on the top slicing principle. So, an investor paying basic-rate tax only might not be liable for tax on lower-sized contracts.

In either case, an investor would be better-off buying a series of smaller endowments maturing in successive years, than one large endowment.

In theory, the buyer of an endowment should keep in touch with the original owner of the contract because if that person dies before maturity, the benefits would be payable to the investor earlier than anticipated. In practice, the investor can wait until maturity – the death benefits are lower than the final pay-out.

Eric Short

NI rebate cut in Serps move

THE government has announced the size of the cut in the rebate in National Insurance payments it is offering to those who opt out of the state earnings-related pension scheme (Serps). From April next year, the rebate will be reduced from the present 5.8 per cent to 4.8 per cent of earnings. The 2 per cent incentive offered to those opting out for the first time will be cut to 1 per cent.

Last autumn, the government actuary called for a rebate of 4.68 per cent to ease the state's burden of pension provision by encouraging employees to take out a personal plan instead. Employees who are not members of a company pension scheme enjoy a rebate on National Insurance contributions if they opt out of Serps. Since 1988, more than 4.6m people have done this and gone into personal plans.

The rebate is calculated as a percentage of those earnings between the lower and upper National Insurance contribution levels. For the 1991-92 tax year, these limits are £2,700 and £20,280 per annum. The present rebate is 8.47 per cent; so if you opt out of Serps for this tax year by April 5, the Department of Social Security will pay a maximum of £1,490 into a personal pension of your choice. This includes the 2 per cent incentive.

Tony Newton, the social security minister who made the announcement on Thursday, said he was considering offering higher rebates to older people and less generous ones to those in their 20s. He proposed an additional rebate of 1 per cent payable only to those aged 30 and above on personal pension plans from April 1993.

Flat-rate rebates favour those in their 20s and 30s since they have longer to invest them – which should result in a larger pension.

Sun Life, the insurance company, yesterday criticised limiting the 1 per cent additional rebate solely to personal plans and not to final salary and occupational money purchase schemes, warning that it would result in bias against these schemes. It recommended that, in general men, over 47 and women over 40 should not contract out if they were doing so for the first time.

Scheherazade Daneshkhu

Bureaux de Change face new controls

THE Department of Trade and Industry has announced measures to tighten controls on Bureaux de Change.

Edward Leigh, consumer affairs minister at the DTI, revealed the new measures in a written reply to a parliamentary question. They mean that:

■ Bureaux must give full information on commission rates and any other fees, and give them the same prominence as the exchange rates themselves.

■ Advertised exchange rates must give full details on the terms on which transactions are made – if operators buy and sell currency at different rates, or offer different rates for travellers' cheques, these must be shown.

■ Rates must be visible as customers approach the premises.

Leigh also announced that customers should be given receipts setting out the details of the transactions, and that companies will be required to give a clear explanation of the basis on which rates will be determined when currency is ordered for a later date.

These regulations come into force on May 18 this year. However, bureaux will be given until May 18 next year to display fees and commissions with the same prominence as exchange rates.

J.A.

BES wizards find cunning new routes

TAX SHELTERS have reached new levels of fiendish cunning just in time for the Budget. Business expansion scheme financiers have worked out a route to limit the "downside" – and even go some of the way to ensuring an "upside" – on trading companies. Until the end of last week, this had been done only with companies holding rented property.

Last week saw the first such launch: **Friendly Stop Inns** sponsored by MMI. This week has brought not the last resort but the **Johnson Fry Resort**, which will buy hotels for Resort Hotels; and **BESSA Cash Backed**, sponsored by Close Brothers, which will buy standby safety vessels for Sunset Shipping, a North Sea service company.

The schemes use different routes in their attempts to assure an exit. Close Brothers' scheme is backed by a deposit held by Sunset Shipping in an offshore account. If Sunset were to go into liquidation, the sponsors are confident that BES investors would, at the end of five years, receive the covenanted £1.32 for every £1 spent now.

The Johnson Fry scheme guarantees that, after five years, investors will receive as many shares in Resort Hotels as could have been bought now with the money invested. This allows the possibility of significant upside. There are some safeguards to guard against the shares falling badly over the five years, or Resort Hotels being taken over.

This week's more conventional offerings include **Sun Life Besres VIII Campus**, which will go hunting for universities and housing associations interested in entering into a "buy-back" deal; and **University of Surrey Residences**, sponsored by Downing Corporate Finance, which has a buy-back guarantee of £1.35 after five years for every pre-tax £1 paid now.

More speculative offers include **Wig and Pen**, which will raise funds for the Wig and Pen Club, a members' licensed dining club in The Strand, London. **PiP (Europe)**, a Hove-based company, is seeking funds for its interim management practice, which provides managers to perform tasks while companies are looking for new executives.

A number of the more attractive offers have sold out and Anthony Yadgaroff, of the Allenbridge Group, suggests people take extra care when choosing a scheme. The end of the tax year is close but decisions should not be rushed.

John Authers

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-Operative Bank	Pathfinder	0800 616162	Instant	£1	10.00%	Mly
Nottingham BS	Post Direct	0602 481444	Instant	£2,500	10.65%	Yly
Northern Rock BS	Postal Acc	091 285 7191	Instant	£20,000	11.50%	Yly
Allied Trust Bank	2 Mth Notice A/c	071 626 0879	2 Month	£2,001	11.45%	Yly
Birmingham Midshires BS	First Class	0902 710710	90 Day	£100,000	11.70%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Skipton BS	Money Market Plus	0756 700500	31.12.92	£2,500	11.69%	OM
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100	12.50%	Yly
Exeter Bank		0392 50635	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719698	180 Day	£25,000	10.85%	Yly
				£50,000	11.35%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.70%	Yly
Liberty Life FN		081 440 8210	2 Year	£25,000	9.00%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	8.75%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	9.00%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.5%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross
Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source. Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Waterhams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 580508.

FINANCE AND THE FAMILY

Bad buys in the transfer market

Think hard before opting out of occupational pension schemes, warns ***Debbie Harrison***

THERE IS growing concern about employees who are persuaded to transfer valuable pension rights from good occupational schemes into personal pensions. The Life Assurance and Unit Trust Regulatory Organisation (Lautro) reports an increasing number of cases in which inexperienced or unscrupulous insurance salesmen are arranging transfers that are detrimental to the client's interests and serve only to line the salesmen's pockets.

Such transfers are complex transactions and require professional assistance. Lautro lays down strict guidelines on what personal information must be included in a salesman's "fact-find" about the prospective client. These guidelines have not always been followed, Lautro says.

It adds: "Sometimes, it is because the representatives have not been trained regarding how and why they should *undertake such an analysis.* Sometimes, they have been adequately trained but nonetheless chose to ignore the requirement."

This problem is compounded by the failure of insurance companies adequately to monitor the fact-finds which are submitted by salesmen before the sale is completed. Lautro says companies should identify and intercept inadequate fact-finds but, in some cases, are not doing this.

These cases represent the tip of the iceberg, Lautro says, because most individuals do not understand the implications of transferring out of occupational schemes into personal pensions and do not report the problem. "Cases of *this type inevitably cause* the complainants considerable anxiety, together with anger that someone should appear to gamble with one of the most important areas of their financial arrangements.

"Even so, in view of the limited understanding of the complex subject of pensions among members of the public, the level of complaints received on this score may well understate the scale of the potential problem," Lautro says.

Personal pensions, introduced in July 1988, were never intended to be used as an alternative to good occupational schemes. Rather, they were designed to give a greater choice to individuals whose employer does not run a group scheme and who had to belong automatically to the state earnings-related pension scheme (Serps).

Even in these limited instances, there is evidence of mis-selling on a vast scale. A recent report from the Equal Opportunities Commission identified 250,000 women who were sold personal pensions when they would have been better off in Serps. In the 1988-89 tax year, the Department of Social Security said *63,000 women who were sold* personal pensions had no earnings during this period and, therefore, did not qualify for any pension at all.

Transfers from occupational schemes to personal pensions is the fastest-growing market for many insurance companies. The Association of British Insurers (ABI) reported a 35 per cent increase in single premium business for 1991. A large proportion of this business, which was worth almost £4.2bn, will have come from transfers, with most cases running into tens of thousands of pounds.

Salesmen receive at least 4 per cent commission on these transactions – often more – while the insurance company itself will deduct charges for administration and insurance management.

In most cases, transfers take place after a change of job. Employees who were members of the former employer's scheme for more than two years cannot take a cash refund on contributions. Instead, they can leave the benefits with the former scheme and draw a pension on retirement. This is known as a "preserved" or "deferred" pension.

Employees have two other *options. The first is for the* benefits to be transferred to the new employer's scheme. The second is for the preserved pension to be converted into a "transfer value," which can then be invested in a personal pension or in a similar insurance product known as a buy-out bond.

Employees in the public sector get the best deal on transfers because all pension benefits are index-linked, even on preservation. The public sector also operates the "transfer club," which allows employees to change jobs within the system and receive like-for-like benefits in the new scheme.

Outside the public sector, preserved pensions and pension transfers may be more a question of damage limitation than real improvement. Most people lose out simply because, once an employee leaves a scheme, the value of the pension is no longer linked to real earnings' growth; instead, annual increases are capped at 5 per cent. This is known as limited price indexation (LPI).

If a previous employer provides increases in excess of this, as well as good dependants' benefits for spouses and children, the preserved pension is likely to be *the employee's best option.* In other cases, a transfer to the new employer's scheme could be the right choice if more generous benefits are offered. Normally, one of these two options is likely to offer a safer alternative than a move to a personal pension.

The problem with transferring to a personal pension is that it is difficult to compare like with like. Most good occupational schemes in the UK operate on a final-salary basis, so that each year of service builds up to provide a maximum pension at retirement of two-thirds of final salary (subject to certain limits for high earners). Personal pensions are money purchase plans, which means that the value of the *pension at retirement* will depend on the investment returns of the chosen fund. There are no guarantees.

Martin Slack, a partner with actuaries Lane Clark & Peacock, says: "There are two stages in any transfer question. First, it is important to assess whether it is worth moving the preserved pension. If so, it is vital to get professional advice to get a meaningful comparison between the options.

"Many advisers and salesmen *simply don't* bother to ask the first question at all. Nor do they fully understand the nature of the preserved benefits that are being given up when the transfer is taken."

It is not just job-changers who are being persuaded to put occupational pension benefits into personal pensions, though. Lautro quotes a case where several salesmen from the same branch of an insurance company transferred a number of employees systematically out of a particularly attractive group scheme and into personal pensions.

Unless there is a serious problem with an occupational pension scheme, it is rarely good practice to transfer to a personal pension. The loss of that vital link of the pension to final salary is most unlikely to be replaced by a money purchase plan. Furthermore, most employers do not contribute to personal pensions if they operate a good group scheme.

Lautro's point about the vulnerability of consumers in relation to sales of complex pension products is a very real concern, and one which the Financial Services Act has failed adequately to regulate. Unfortunately, the new pensions ombudsman, who has statutory power to force miscreants to put right errors and compensate victims, is barred from investigating unscrupulous sales of personal pensions.

Instead, this is left to the insurance ombudsman and to Lautro, neither of which has statutory powers. And there is a limit on the compensation that can be paid to victims of sales abuses under these complaints schemes.

Losing at cards

IT PAYS to read the small print in those leaflets which accompany your monthly credit card statement. Holders of Chase Manhattan's Visa card will have received a leaflet in the last few weeks informing them that the card, which is now issued by Girobank, is to be renamed Atlantic, writes David Barchard.

But study the leaflet which accompanies the letter carefully. Girobank and Atlantic have introduced charges which could add considerably to the cost of the account.

Girobank says charging its customers for special services keeps the price of the card competitive.

If customers fail to make a charge by the due date, there is a £12 fine. If they exceed their credit limit, there is a £12 fine. If a cheque bounces, there is only a charge of £8 and the £12 lateness charge is not made: banks are not supposed to make charges on charges.

Extra copies of sales vouchers and statements are charged at £5. Most of the big card issuers, with the exception of Lloyds, have quietly introduced charges for duplicate vouchers and statements over the last two years.

A Girobank spokesman says that the charges are in line with those being introduced by other banks and he does not think it is unreasonable to charge a customer who misses the due date.

But the customer is already being charged interest for missing the payment date – and the flat fee may be larger than the amount due.

All credit card operations are currently under pressure. Customers are much more careful about paying on time and sales volumes have fallen.

The banks have had to find other ways of making card businesses pay.

Some banks – Lloyds is one – say they have no miscellaneous charges, but Midland says it has been charging its customers for more than a year for some additional services on their cards, including £5 for duplicate statements or a copy of a sales voucher and £10 for a change of statement date.

Barclays charges less. Duplicate sales vouchers cost £3 as do copies of monthly statements. If an account is seriously "out of order" a charge of £7.50 can be made. NatWest makes similar charges. The market seems to have accepted them without demur.

Apart from Giro and its Atlantic Visa Card offshoot, no banks yet charge credit card customers for failing to make a payment by the due date or exceeding the credit limit.

Girobank says: "We recognise that there are good reasons for late arrival of payments and we will not apply the £12 charge for at least the first five working days after the due date," says a spokesman. He adds that the Atlantic Visa card charges only 23.1 per cent a year interest: the lowest rate in the credit card market.

Beware the direct approach

A NATIONAL television campaign is under way to persuade more people to use direct debit as a means of settling bills.

The use of direct debiting as a form of payment has risen fivefold over the past 10 years with over 900m direct debits processed last year. They are now more popular than standing orders, which were used to pay 230m bills last year.

A direct debit is an instruction to an "originator" – a utility, insurance company and the like – or the customer's bank or building society to collect money automatically from their account. The system is handled electronically through BACS Limited, which is running the advertising campaign.

Reduced administrative costs for banks, building societies and companies are behind the drive to get consumers to switch to direct debit. A standing order involves paperwork since the customer has to give an order to their account holder every time the amount paid changes. "It is more economical to process a direct debit than to handle a cheque," said Caryl Skelton of BACS. "That takes administration, people and handling time. Using direct debit is much more cost effective."

Institutions are keen to win over the public by arguing that reduced costs are passed on. Norwich Union tried to wean its 600 or so policyholders who have standing orders to switch to direct debit, even offering a £50 bonus as an incentive. "By doing this we will reduce our costs (which will directly benefit you); be able to allocate your contributions to your pension quickly and improve our overall administration service to you," it said in its letter to policyholders in December.

Consumers would do well to ask whether they benefit as much from direct debits as the institutions evidently do although they can be a useful and easy form of payment. The present campaign encourages the consumer to make "bills easier to swallow" by spreading them over the year.

This involves the utilities estimating what you are likely to use during the year and debiting the amount from your account in monthly instalments. In other words, you will be paying in advance for something you would normally settle after receiving it.

For some people, usually those who dislike thinking about their finances or are disorganised, spreading payments in this way means that they will not get hit with large bills. They also do not have to keep remembering to renew a union subscription or pay regular bills such as the poll tax.

However, direct debit does allow access to your account by others and it is as well to be aware of this. You are well protected in the case of a mistake since your bank or building society is responsible for making good the error (unfortunately, a lot of bank tellers still do not know this). If the monthly outgoing is variable, such as a mortgage, the originator has to inform you in writing two weeks in advance and if it does not and money is debited, the bank would have to reimburse you should a disagreement occur over the amount.

But what of the case of a reader who suddenly found over £1,200 debited from his account when an insurance company decided (erroneously, in the event) that one year's premiums had not been collected? And you are forever in the position of reacting if mistakes are made rather than knowing they cannot happen.

Most hiccoughs with the system occur when it comes to cancelling or altering your direct debit. If you change to or from a direct debit, you must remember to tell your bank. One reader found two payments of their mortgage had gone out of their account as a result of a changeover.

While direct debits may seem a simpler more convenient form of payment, the onus is on you to check your statement to ensure mistakes have not been made. Those who fill in the direct debit form and forget, may be living in blissful ignorance of what is going on in their account.

Scheherazade Daneshkhu

Directors' Transactions

PROFIT-TAKING at Titon follows a period of sharp out-performance in which the shares have all but trebled in value over the last 12 months to around 65p. Since then, the company has announced final results which revealed an impressively resilient performance – profits up 64 per cent and earnings up 72 per cent.

An increase in the number of directors selling and exercising options may indicate that directors are uneasy about the outcome of the UK election.

Almost exactly one year ago, Peter Nicholson, a director of the housebuilding group Crest Nicholson, sold 250,000 shares at 92p. This week, he appears in our column having bought back 100,000 shares at just 30p. The company recently reported record losses of almost £6m.

It is not often you see the chairman of a large company such as BP buying his own stock. Bob Horton paid 263p per share for 20,000 shares after he reported "extremely disappointing results".

Angus MacDonald,
Directus Ltd

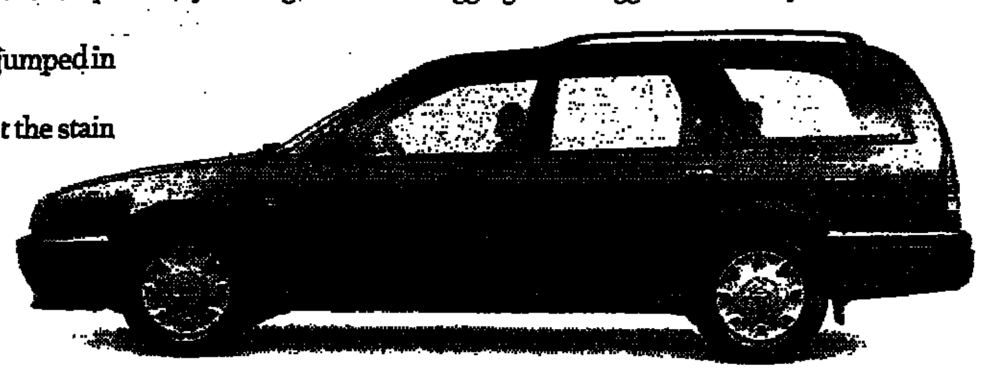
■ Sectors key: BdMa = Building Materials; Brew = Brewers & Distillers; C&C = Contracting & Construction; Chem = Chemicals; Cong = Conglomerates; Elns = Electronics; EngA = Engineering (Aerospace); FdMa = Food Manufacturing; H&L = Hotels & Leisure; Hlth = Health & Household; InTr = Investment Trusts; Med = Media; O&G = Oil & Gas; OthF = Other Financial; Prop = Property; Stor = Stores; Text = Textiles; Tran = Transport; n/a = not applicable.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
AAH Holdings	Hlth	50,000	254	1*
Allied Lyons	Brew	10,911	67	1*
Bass	Brew	41,520	228	1*
British Aero (CRP)	EngA	600,000	451	1
Central TV	Med	4,000	53	1*
Compass Group	H&L	2,500	11	1
Ellis & Everard	Chem	43,979	81	1*
Eurotherm	Elns	10,300	33	1
Headline	Med	205,000	355	1
Helical Bar	Prop	26,000	37	1
M&G	OthF	4,250	25	1
Mansfield Brewery	Brew	10,833	57	1*
Marks and Spencer	Stor	604,861	1,960	3*
Moran Holdings	n/a	700,000	910	1
Porvair	Chem	313,312	41	2
Rexmore	Text	60,000	17	1
Sims Food Group	FdMa	40,000	132	1
Titon Holdings	BdMa	11,500	11	1
Tomkinsons	Text	9,000	23	1
PURCHASES				
British Petroleum	O&G	20,000	53	1
Chemex Internationl	Chem	2,063,166	12	1
Crest Nicholson	C&C	115,000	35	2
Gibbs Mew	n/a	13,870	20	2
Hanson	Cong	15,000	38	1
Hardy Oil & Gas	O&G	15,000	17	2
Throgmorton Trust	InTr	27,000	14	5
Tiphook	Tran	10,000	30	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 17-21 February 1992.

Source: Directus Ltd, Edinburgh



Men from the ministry: David Lidington (left) and Charles Miller of the Public Policy Unit

A private guide through the corridors of power

Nick Garnett on a company run by former civil servants who know the secret passwords of Westminster

CHARLES Miller owns up to one or two weaknesses in the company he runs. Indeed, he concedes: "We couldn't sell our way out of a paper bag." But then, the Public Policy Unit's marketing requirements are limited. It exists to help companies and organisations find their way around the murky and misshapen corridors of Whitehall as they seek to influence government thinking and legislation.

Do civil servants possess the gumption to make a working life for themselves once they depart the cushioned torpor of Westminster? The success of the PPU shows some do. But its staff are a rather select collection who work full time or on contract for the political and regulatory advice agency since it was set up in 1985.

The 22 "members" of the company include political lobbyists, a journalist and prospective parliamentary candidates as well as former fast-track civil servants, most of whom worked in the private sector before coming to the PPU. Miller, the chief executive, worked with Lloyd's of London and as a political adviser for Tate & Lyle as well as being a researcher in the House of Commons.

The PPU unearths information about what the government is doing, and helps companies prepare and present cases – whether for a brewer, a drugs company worried about new laws, or an airline seeking a change in UK airport policy. Business has been lucrative. Turnover for its second full year was £200,000. Last year it was £770,000, yielding a pre-tax profit of £115,000. Miller says profits this year will leap to about £280,000, partly because of its merger in the next few weeks with another company with a similar turnover.

The PPU, which has just seven full-time staff, is quite separate from the left and right wing think-tanks with rather similar names – the Institute for Public Policy Research and the Centre for Policy Studies (although the latter happens to be in the office next door). It started when eight people with connections in Whitehall decided to set up a company that would explain to corporate clients the workings of Whitehall and Westminster and the routes through which to influence decision-makers.

"If you knock on the door and say the secret code word, they will let you in," Miller says.

He used £7,000 of his own money to start the business while a now-defunct merchant bank took a shareholding and provided office space in the City.

"You don't need much money or equipment to start," says Miller.

The PPU has now moved to Victoria, close to its target area. "Much of our work could be done from John O'Groats but clients think it's necessary to be near Westminster."

What is the biggest misconception companies have about Whitehall?

"They do not realise how low down decisions are made," says David Lidington, a PPU member, former ministerial adviser and prospective parliamentary candidate. "Most of the key decisions which affect businesses are taken at assistant secretary or principal level, not by permanent secretaries. Those lower levels are the engine room of Whitehall."

Apart from lobbying, case-building and presentation, the PPU runs training programmes to help executives understand government. It publishes a range of documents on such subjects as "The background of MPs" and "Lobbying – understanding and influencing the corridors of power."

The company has 32 clients including Procter & Gamble, Salomon Brothers and British Airways. Retainers – which range between £1,000 and £15,000 a month – account for 65 per cent of its fees. Annual earnings of members range from £5,000 to about £50,000, depending on the fees they attract.

Miller, who takes a salary of £38,000, is often caustic about Whitehall. "You are working in this enormous structure where you might not know what's going on four doors down the corridor, where the switchboard does not always work properly, and where most of the staff are totally unmotivated." He compares this with a small business. "Suddenly, you are in a small firm where you really count. You've got real responsibility – if you don't do it, nobody will; and if you don't sell, you don't eat."

But he misses Whitehall, too. "We are insiders who are now outsiders. I think we all miss being at the centre of things, being where the buzz is."

■ *The Public Policy Unit, 50 Rochester Row, London SW1P 1JU. Tel. 071-828-6085.*

Computing/**David Carter**

The big guns aim down market

SOFTWARE companies have become busy in the last six months releasing cheap versions of well known packages. This change was prompted by the arrival of the *Windows 3* operating system.

Windows is (we are told) being adopted extensively by big corporate users. The software package market is therefore starting to split into two – the corporate sector based on Windows and the mass market based on traditional DOS.

As DOS becomes severed from the corporate market, DOS package prices are starting to fall. The result is eminently satisfactory – for the corporate user big, slow and expensive packages running under Windows, for the rest of us simple, fast and now cheap packages running under DOS.

As part of their approach to the mass market, leading software suppliers such as Borland and Lotus are experimenting with sales through the "retail channel".

You will not find *Quattro Pro SE* or *Lotus Executive* (see below) in PC magazines or dealers: they are only available through high street shops such as Dixons, Wildings, Rymans.

A word here – in order to justify the low price, cheap packages are often promoted as "cut-down" versions of the premium product. However, it is easier for the software companies to take a proven, product rather than produce a special cut down version which then has to be tested in the field and requires specialist support.

As we saw recently with *Quattro Pro SE*, they are equally likely to dust down and repackage the previous full-price version of the software. It is easy to support because there are still thousands of people out in the field using this old version. So in many cases you are getting the full-price version minus the latest bells and whistles. Or look at it another way: instead of buying a package which gives you five times as many functions as you need, you are only buying one with three times as much.

Much of the pace in the mass market is being made by Borland. Apart from the spreadsheet *Quattro Pro SE* (£49.95) which is a bargain of bargains, they have also bought out the database *Paradox SE* (£79.95), equivalent to the premium product *Paradox 3.5* (£595) except that it lacks one or two advanced functions for power users such as SQL linking and Personal Programmer. With a helpful Sybex self-teach guide as documentation, *Paradox SE* can be recommended to non-programmers who wants to try writing their own applications.

Lotus Corporation has recently set up a small business unit and late last year dipped its toe in the water with its first offering, a slightly convoluted affair called *Lotus Executive with Filofax* at £149.99. *Lotus Executive* is basically *Lotus 1-2-3* release 2.3 (the standard version of 1-2-3, RRP £299) minus one or two esoteric features such as the Macro Manager. The documentation is brief but excellent, being a re-badged self-teach book called "The 10-minute Guide to Lotus 1-2-3". *Lotus Executive with Filofax* comes with an attractive leather binder, a set of Filofax pages for 1992, and some Filofax "templates" written under *1-2-3*. An obvious must for any Filofax user; anyone else can buy it in order to get a half-price version of *Lotus 1-2-3* and then give away the Filofax to an unsuspecting friend as a present. This product is only available at a few city centre branches of Rymans and 16 branches of Dixons. However, your local branch of Dixons will order a copy for you if you ask them.

Lotus is getting its act together in the small business market and we shall see more of *Lotus Executive*. Next week it will release *Lotus Write*, again at £149, a Windows-based word processor based on its top of the range *Ami Professional 2* (RRP £499). Lotus has also announced that it is working on a new version of its entry-level integrated package *Lotus Works* (combined spreadsheet, word processor and simple database).

When it comes to DOS-based word processing packages, the world's top selling package by a wide margin is *WordPerfect 5.1* (RRP £399), made by the company of the same name. Early last year it brought out *LetterPerfect* (£169), available through dealers, not the high street.

A subsequent survey of budget packages in a PC magazine found that if you are using *LetterPerfect* and "need to upgrade to 5.1, you will find you know it already." Run side by side the two programs looked virtually identical. "The fact is that *LetterPerfect* beats many 'full-featured' programs, and nothing else in the market comes close to it".

LetterPerfect is completely compatible with *WordPerfect*, allowing you to transfer documents between both programs. The only difference of major importance seems to be that you cannot print in columns. *WordPerfect* claim that *LetterPerfect* is aimed at users of portable computers. A jolly good effort by the marketing department, but really this is pure baloney. Unless you have to produce newsletters with columns, buy *LetterPerfect* every time.

Calculating base value for shares

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MY WIFE has shares acquired in two main blocks. Her parents gave her some as part of a settlement on in March 1976. She inherited some more shares when her mother died in February 1988 . (The shares were actually received several months later when probate was granted.)

Is it correct to assume for Capital Gains Tax purposes, that both sets of shares have a base value which is their value on 31/3/82? (My wife made an election under 596(5) of the Finance Act 1988 on 24/2/91)

Where can I find the values at 31/3/82 of the shares? (or the values at other relevant dates?)

■ Your wife's original shareholding is indeed deemed to have been acquired on March 31, 1982 at its market value on that day (on the quarter-up basis). On the other hand, the shares which she inherited are deemed to have been acquired on the day of her mother's death at their probate value (on the quarter-up basis). Any sale will be deemed to come primarily out of the later holding (which will be pooled with any further purchases etc.)

If her mother's shares were valued for inheritance tax purposes, then that value should appear in the statements sent to her by the solicitors at the time when the residue of the estate was distributed. In a local reference library, you may find the books of adjusted March 31 1982 prices published by Extel Financial or Stubbs (Dun & Bradstreet), or the Stock Exchange Daily Official List.

Alternatively you can ask your tax office, although they may take a long time to supply the figures. In any case, you should ask the tax office for some or all of the following free pamphlets:

CGT13 – The indexation allowance for quoted shares; CGT14 – Capital gains tax: an introduction; CGT15 – Capital gains tax: a guide for married couples; CGT16 – Indexation allowance: disposals after 5 April 1988.

A writer's write-off

I OWE various amounts to some credit-card companies. I am making small monthly payments and no interest is being charged. Later this year I should be in a position to clear all these debts by selling some film/TV rights of a novel. I am not a full time writer. I have a full time job where tax is deducted at source. Will the sale of these rights simply be added to my taxable income by the Inland Revenue or can I deduct the debts from the payment I receive and just pay tax on what is left?

■ No, the debts are not deductible. If it is to your advantage, it may be possible for you to claim relief under section 534 (or possibly 535) of the Income and Corporation Taxes Act 1988. This depends upon more facts, figures and dates than you have disclosed – including the date of the novel's first publication. Look up either the section numbers or "Copyright, assignment", in the index of one of the tax manuals in your library.

Limits on gifts

IS IT possible for a parent to gift each child £3,000 pa without future inheritance tax liability, or is a parent restricted to gifting a total of £3,000 pa.

■ The £3,000 annual exemption is restricted to £3,000 for each donor (plus any unused element of the previous year's exemption - but not more than one year is available). If you make gifts to several people the total of all gifts should not exceed £3,000: see section 19 of the Inheritance Tax Act 1984.

Residency and stocks

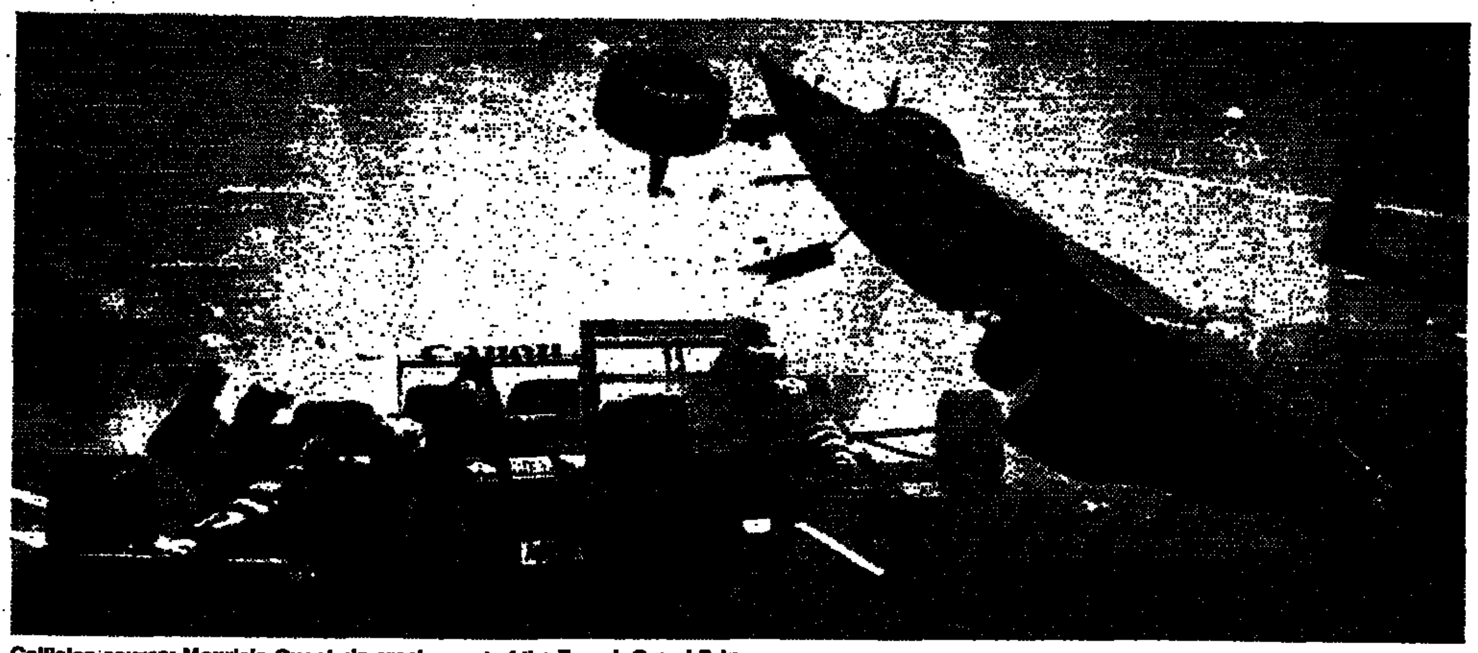
I EXPECT to become resident in the UK after an absence of several years. I am aware of the desirability of closing share income sources for tax purposes before my return. Does this include selling gated British Government stocks: ie stocks whose interest is tax free to overseas residents.

■ No, because (a) there is no prospective CGT bill and (b) the fact that income tax will be deducted at source as soon as you become ordinarily - resident in the UK will prevent the interest from being assessed on the preceding-year basis (by virtue of section 67(2) of the Income and Corporation Taxes Act 1988).

SPORTS/MOTORING

Motor Racing/**John Griffiths**

A two-horse roundabout



Collision course: Mauricio Gugelmin crashes out of the French Grand Prix

TOMORROW at the newly-rebuilt circuit of Kyalami, South Africa, the lights will flash from red to green and the Formula One motor-racing roundabout will twirl into life once more.

The eyes of the 100m-plus global TV audience claimed by the Formula One Constructors Association will be focused on Ayrton Senna and the burlier (though much slimmed down) figure of Nigel Mansell.

With Ferrari struggling to retrieve its pride and competitiveness from the managerial and mechanical shambles which have marked the past two years, few believe that this year will see much more than a two-horse race.

Senna, still only 31, is coolly committed to securing his fourth world championship in his Marlboro McLaren Honda. He has a fair chance of eclipsing the five championships of the legendary Juan Manuel Fangio.

For Mansell, time is running out. At 38, the Englishman knows that this could be his final stab at the title which has taunted him and his blue and yellow Canon Williams-Renault.

The doggedness, raw courage and driving skills he displayed last year to become Senna's runner-up are unlikely to survive another season, should there be a repeat of last year's early mechanical unreliability which effectively robbed him of the title.

Yet for a time last season it was the famously well-oiled Marlboro McLaren-Honda organisation which was to be seen clinging on with one hand, while scrabbling for the spanners with the other. This is something that Ron Dennis, the team's boss, is adamant will not be repeated this year.

After Senna won the opening rounds of the season with ease, Dennis concluded that the McLaren-Honda's superiority was such that the championship was in the bag and the team could concentrate on developing its 1992 car.

That was a mistake.

By mid-season the Williams-Renault's semi-automatic gearbox had stopped confusing itself; Renault had found more power, and even the other-wordly skills of Senna were unable to hold Mansell at bay.

For once, the façade cracked and both partners in McLaren-Honda looked vulnerable: the Honda engine outclassed on power; McLaren's engineers fruitlessly seeking ad hoc chassis "fixes" like any merely mortal grand prix team.

It was, says Dennis, a case of "a long-term strategy which was inappropriate once it became clear that we had a short-term problem. The most difficult thing to do is bring a grand prix team back to competitiveness in the middle of a season."

All the more impressive, then, that thanks to a blitzkrieg effort both by McLaren and Honda's 7,000-strong research and development engineering establishment in Japan, the team fought back.

And last week prime minister John Major, with Senna's victorious MP4/6B racer parked in front of No 10 Downing Street, handed Dennis the 1991 World Constructors' Championship trophy. On his rise from school-leaver mechanic in the Woking, Surrey, area which is still his base, to chief executive of an organisation which employs over 300, Dennis has consciously cultivated a coldly clinical public persona in which the conduct of the business is strongly reflected.

In reality, Dennis is a cool but essentially courteous and likeable figure, by no means lacking in humour. Indeed, there lingers about him an impression that he still cannot quite believe his success, and that at midnight, somehow, his technological masterpieces might just turn into pumpkins.

This side of Dennis was reflected in the wide-grinned pleasure so evident at Downing Street last week. It will be hidden once more when he and his perfectionist squad of red and white clad technicians (new kit obligatory for every grand prix) watch the lights change tomorrow.

To the satisfaction of the world's media and to the delight of sponsors such as Philip Morris, whose Marlboro brand colours are synonymous with McLaren, the characters climbing on to the carousel are as colourful as ever.

So are the scripts and sub-plots of this high-speed global soap.

Alain Prost, the former world champion and ex-partner (usually sparring) of Senna at McLaren, who was sacked from Ferrari last year after daring to criticise the team, is without a drive at Kyalami, having failed to sew up a deal to drive for Ligier, and perhaps revive the French team's battered reputation now that it is to share the powerful Renault F1 engine with Williams.

Jean Alesi, in the aerodynamically revolutionary new Ferrari F92A, and new team-mate Ivan Capelli, had their hopes of improving the fortunes of Ferrari lifted in Thursday's unofficial practice, testing fifth and sixth behind the Williams and McLarens.

Camel Benetton Ford, colourful but anything but united last year as its management shifted and sport boss Tom Walkinshaw took over, could upset the applecart if the young German Michael Schumacher can concentrate on his speed instead of contract disputes.

And this year, to the further delight of the media, there is a female interest, in the form of Giovanna Amati, the first woman driver to make the F1 grade since Lella Lombardi in the mid-1970s. Already proven in the "junior" formula to grand prix F3000, la Amati is driving for Brabham.

Brabham, however, is one of several teams which are but a shadow of their former selves, ownership and control having long since passed from their world champion and founder, Sir Jack.

As ever, money shortages lie at the root of the pressures on smaller GP teams as recession starts to bite even at such normally well-cosseted heels.

It could get worse.

A well-known Formula One constructor once confided to me that, in comparison with the largesse to be found in grand prix racing, obtaining a licence to print money seemed like a lot of effort for little reward. That was in the early 1980s, since when the sums involved in sponsoring GP teams have accelerated almost as quickly as the cars.

The stakes have risen so fast largely because the tobacco industry has had its other promotional avenues closed off.

Yet early in February, the European Parliament voted to ban all tobacco advertising. The vote remains a long way from legislation but showed strongly which way the anti-tobacco smoke is blowing. Last season the Marlboro, Gitanes and Camel brands between them supported a total of 18 grand prix teams, providing cash and resources totalling $100m (£57m).

Cricket/**Kevin Brown**

The instant game loses its thrill

ARE WE witnessing the beginning of the end of the one-day cricket phenomenon?

That might seem an odd question in the middle of the hype that surrounds the World Cup, currently taking place in Australia and New Zealand. But there are indications that the frenetic excitement which has been the hallmark of the instant game may be disappearing as the format matures.

There has been plenty of drama. Australia's defeats by New Zealand and South Africa, and England's win over the West Indies, must have stirred the hearts of cricket fans everywhere. But the excitement has been in the results, not on the field.

South Africa's victory over Australia in Sydney marked a triumphant return after two decades in the wilderness. England's crushing victory in Melbourne confirmed the decline of the West Indies and the re-emergence of Graham Gooch's side as a cricketing force.

But both games were rather boring to watch. There are several reasons for this, the most important of which is a weakness in the structure of the one-day game which has only recently become apparent.

Back in the early 1970s, when instant cricket was becoming established in England, most games followed a predictable pattern. Both sides would start slowly, and then build to a crescendo in the final few overs as batsmen threw the bat in an effort to maximise the score. The format guaranteed plenty of big hitting in the first innings, probably followed by tumbling wickets and a run chase in the last hour as the side batting second began to run out of overs.

However, as the diet of one-day matches has increased, the players have learnt to pace themselves, so that the second innings run chase is becoming the exception rather than the rule. This is particularly true of games where the side batting first makes a low total, as Australia did against South Africa and the West Indies did against England. All that is then necessary is for the top-order batsmen of the side batting second to keep their heads. If they can do that, the advantage of knowing the required run rate will get them home, as Kepler Wessels and Gooch showed for the Springboks and England respectively.

There are other pointers to the changing nature of the game. For example, quick bowling is disappearing as the smartest captains realise how expensive the fast men can be with artificial one-day field settings.

New Zealand excluded Danny Morrison, their fastest bowler, from their triumphant side in Auckland, and opened instead with medium pace from Chris Cairns and off-spin from Dipak Patel. England have prospered with a bowling line-up of four medium pacers, including the portly Ian Botham, still swinging the ball viciously on occasions, but several yards slower than in his salad days. Pakistan took the strategy to extremes against Zimbabwe in Hobart on Thursday by using three spinners and a slow seamer for most of their 50 overs. Imran Khan would have bowled had he been fit, but even he relies more on guile than pace these days.

By contrast, Australia went into both their unsuccessful matches with McDermott and Reid, their two fastest bowlers, and the West Indies relied heavily on Curtly Ambrose and Malcolm Marshall against England and in their earlier win against Pakistan. The Australian pair had aggregate figures of 3 for 146 for the two games, the West Indians 0 for 156.

The exception has been South Africa's Allan Donald, inevitably dubbed "White Lightning", who grabbed three Australian wickets for 34 runs off 10 overs. But while Donald got the wickets, it was Richard Snell, another change bowler, who strangled the Australian run rate with 0 for 15 in 9 overs.

Bobby Simpson, the Australian coach, put his finger on another development when he pointed out that Australia had been beaten twice because its tactics had been successfully copied by the opposing sides. He was right. Australia's dominance of the one-day game over the past four years has been built on percentage batting rather than big hitting, backed by shrewd field placings to restrict the opposition score. That is the formula which has been exploited by England, New Zealand and South Africa, three sides which look likely to reach the semi-finals.

There are still plenty of big hitters in the game, and matches can still be turned round in a few overs by batsmen like Botham, Wessels and Australia's David Boon. But as the tactical development of the game continues, there may be less of the spectacular batting which one-day cricket has delivered so often in the past. While that might please the purists, it would not be greeted with much enthusiasm among the paying customers, who have become used, for example, to seeing the square cut played from outside leg stump. Ominously, there were a few chants of "boring" even at the Australia-South Africa and England-West Indies games, where the crowd was largely made up of committed supporters.

There are 30 matches left in the World Cup, including today's crucial clash between New Zealand and South Africa in Auckland, for the players to show that maturity has not robbed the one-day game of its magic.

Motoring / **Stuart Marshall**

Aston Martin's special £182,000, 465 horsepower Virage 6.3. For buyers who feel a top speed of 155 mph is not high enough

Hand-built for speed

FIRST, THE facts. An Aston Martin Virage is hand-made. It seats two people in luxury and two more if they are prepared to suffer acute discomfort.

It is the size of a Ford Scorpio and weighs nearly two tons. A 5.3-litre, 330-horsepower V8 engine propels it from 0-60 mph (0-96 kmh) in a tyre-smoking 6.5 seconds, and on to a maximum of 155 mph (250 kmh). To own one, you must be able to write a cheque for £132,000.

In a world where – German autobahns excepted – using that performance puts licence, and even liberty, at risk, is there any point in making such cars? Commonsense says not but Aston Martin thinks otherwise. As though an off-the-peg Virage was not potent enough, it has produced an even faster version.

The engine, enlarged to 6.3 litres, develops 465 horsepower (a 40 per cent increase), cutting the 0-60 mph time to under 5.5 seconds and raising the maximum speed to 174 mph (280 kmh).

New brakes are the largest ever fitted to a production car and, for the first time on an Aston Martin, they have an anti-lock system.

The suspension is modified; the wheels and tyres are new; and the price goes up by £50,000 to £182,000, which makes a £111,364 Bentley Turbo R seem positively cheap.

What role is the converted Virage supposed to play? Is it the equivalent of a pit bull terrier for the moneyed motoring classes? A case of piling superfluity upon excess? Or a classic example of ingenuity misapplied?

Not according to Walter Hayes, Aston Martin's chairman. Hayes, former vice-president of the Ford Motor Company, told me without a flicker of a smile that a standard Virage was potent enough for most customers. But some – the sort who would have chosen the V8 Vantage a few years back – felt the need for more performance. Hence the go-even-faster Virage.

What is it like to drive? I doubt that I shall ever find out.

But service division director Kingsley Riding-Felce says reassuringly – and apparently seriously – that the standard Virage's "flexibility and practicality" have not been lost. As he put it: "We did not wish to end up with a massively powerful and unsocial car . . . unsuitable for anything but motorways. With the 6.3, we have . . . a high-performance, yet still classic, sports car which is eminently suitable for everyday use and a great pleasure to drive."

I must live on a different planet from people who build, buy or even dream about owning £182,000 Aston Martins, or who think seriously that a 465-horsepower, 2+2-seat car is suitable for everyday use.

Aston Martin is owned by Ford, which bought it for an undisclosed sum in October 1987. More than the purchase price has been spent on product and factory improvements.

About 2,300 very high-performance supercars are bought world-wide each year. Ferrari (owned by Fiat) dominates the market; Aston Martin and Lamborghini fight over most of what is left.

Aston Martin clearly has done well from the Ford connection. What Ford has got out of it is less obvious, although Hayes sees Aston Martins being used as test beds for high-tech (and high-cost) components that might one day filter down to humbler products.

To ensure their life span will stretch far into the 21st century, Aston Martin has just announced a "car for life" scheme. This guarantees the possibility of as-new restoration for all post-1950 models. Their performance can be improved by using technology not available when they were built.

Elephants and ivory: the battle that is being won

THE PLIGHT of the African elephant arouses high passions. Hunted down and stripped of tusks and hide by poachers, their numbers in Africa slumped from 1.2m to 600,000 in a decade until, in 1989, CITES - the Convention on International Trade in Endangered Species - banned the trade in ivory.

On Monday, when the CITES' 12-day triennial conference begins in Kyoto, Japan, the wound will be re-opened. Zimbabwe, South Africa, Botswana, Namibia and Malawi want the buying and selling of ivory and other elephant products to resume in order to generate funds for protection and preservation.

They claim that effective management of native elephant herds has meant that populations are flourishing, and Zimbabwe even says culling may be needed to reduce numbers. But conservationists fear that ending the ban will mean a new wave of poaching, which could have drastic effects on nations to the north. The debate will be stormy.

Here, IAIN DOUGLAS-HAMILTON, who has been battling for 25 years to protect the world's largest land animal, explains the background to the meeting - and the problems that continue to make a lasting solution so difficult.

IN SEPTEMBER 1991, two years after the CITES' ivory ban, a multi-national team in nine light aircraft criss-crossed Kenya's Tsavo national park – a wilderness of red earth, thorn bush and blue, faraway hills – looking for elephants. Over five days, scanning every corner of the 43,000 sq km park, 6,800 live animals were spotted – up 9 per cent since the last count. Even more important was the near-total absence of fresh carcasses.

Tsavo had been ravaged by poachers and ivory traders. But now, morale was soaring. Corrupt park staff had gone and the new warden was a true professional with properly-equipped forces which had confronted and defeated the intruders. There were still plenty of armed men pouring into Kenya as the civil war in Somalia raged to the north, but the trading ban meant that ivory was devalued and not worth the risks any more.

It was a far different story only a few years earlier. After a brief golden age for elephants in the 1950s and '60s, following the post-Second World War establishment of national parks, a wave of poaching had spread from east Africa, driven by the high ivory price and the demand for trinkets and name stamps in far-off Japan, Europe and the United States. The poaching extended far west through the equatorial forests and south to the Zambezi river.

Flying over Uganda in 1980, after the fall of dictator Idi Amin, we found a holocaust. Elephants lay littered on the trails like crumpled leaves, the wounded dragging their legs as they struggled to keep up with the terrified herds. In the Murchison Falls national park, there were only 2,300 survivors from 14,000 elephants in the 1960s.

There were gun battles in the parks as the authorities sought to deal with the aggressive, heavily-armed poachers. Rangers were killed by Sudanese army poachers in Kidepo until a determined campaign drove them out. Bodies of dead poachers were left to be eaten by hyenas.

The problems of Uganda were mirrored time and again elsewhere. Collecting information, with the help of scientific colleagues across Africa, we found evidence of elephants speared, trapped, poisoned, burned or shot down with automatic fire. At times, we came close to despair at the failure of one initiative after another to stop the slaughter.

The only exceptions to the general trend were in southern Africa, south of the Zambezi. But we feared the poaching inevitably would spread south, given the high world demand for ivory.

Finally, in 1989, the sheer weight of evidence of abuse convinced African governments and Western publics to back the ivory trade ban. And, in general, there has been an improvement.

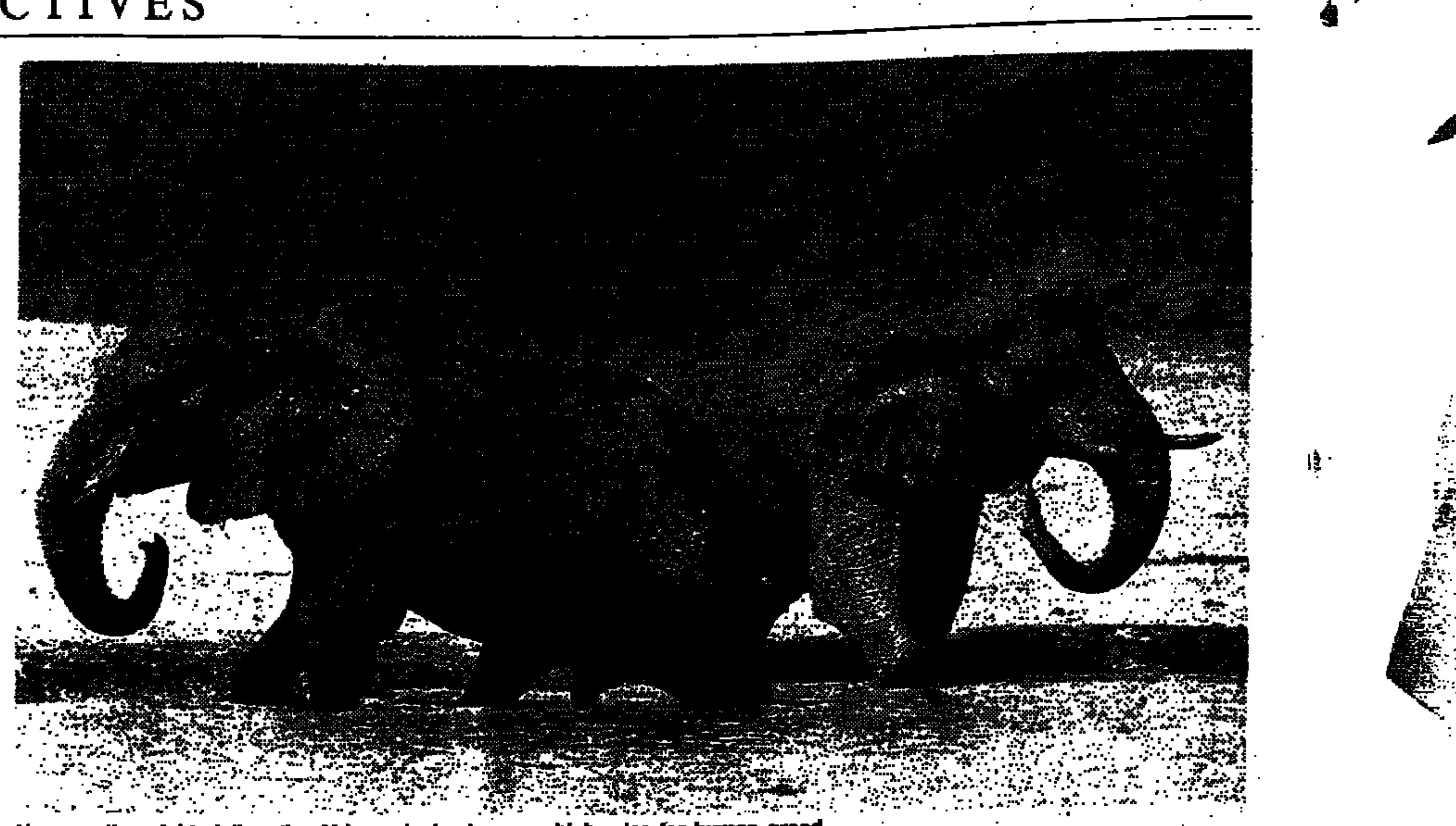
Contrary to predictions, it has proved policeable. In most countries, the ivory price has dropped followed by a rapid decrease in poaching. This is especially true in the parks and reserves of east Africa, once affected most seriously.

But at next week's CITES' conference in Kyoto, five southern African nations want to re-open trading. It is a move opposed strongly by most African countries to the north, which believe it would destroy their elephants.

The traders sitting on stockpiles of ivory poached before the ban would benefit the most, as any legal trade would send up the price. It would also be impossible to prevent the mixing of legal and illegal stocks.

A possible compromise would be for the southern African countries to agree not to trade in ivory and to confine trade to meat and skins; but there are fears this would not be sufficiently binding. And yet, the southern African countries, by giving up ivory sales over the past two years, have borne some of the cost of keeping elephants alive elsewhere in Africa. Their altruistic action has saved heavier costs in human and elephant lives, and money, that would have been incurred by nations to the north.

But for northern countries – in particular, Kenya – keeping the ivory ban is a matter of economic survival. There is no way it could cope with another surge in poaching.



How are the mighty fallen: the African elephant pays a high price for human greed

Despite Kenya and Zimbabwe being at either end of the spectrum, they have common interests. Both believe the way forward will include an economic programme to make wildlife self-sustaining.

Zimbabwe, with its "campfire" programme, has pioneered projects to bring money to local people from tourism, hunting and cropping exercises. Kenya has made great strides in doubling its wildlife-based tourist revenues, although this is being damaged at present by bandit attacks on visitors to game reserves.

At the heart of the problem is a difference in philosophy between the protectionist and utilisation lobbies. The arguments have been bitter at times and represent a real clash of ideas.

The tragedy has been that conservationists on either side of the ivory divide have fought each other rather than the illegal traders who were the real enemy.

On the other hand, the matter of culling has now clouded the argument. Although it is a repellent business, no one has yet come up with a solution for over-population of elephants – something that is becoming an issue as numbers grow. And whether you like it or not, culling is a sovereign right of each country with elephants.

But a recent meeting of African elephant range states at the United Nations Environment Programme revealed a distinctly encouraging mood. There is a growing sense of collaboration between African states and a growing willingness on the part of major donors, such as the US, the European Community and its individual member-states, to fund elephant programmes within their aid packages.

A united African initiative to resolve the thorny question of the ivory trade would be better than any Western-led solution, however well-intentioned. An African compromise which keeps the ivory trade shut indefinitely would be worth the price of some nations selling skins from properly-controlled culling operations. Ultimately, the fate of elephants lies in the hands of the African peoples themselves.

■ Iain Douglas-Hamilton is adviser to the European Commission on its elephant survey and conservation programme. He has also worked for the World Wildlife Fund and for the New York Zoological Society. Together with his wife, Oira, he has written the book *Battle for the Elephants* (Doubleday, £17.99).

As they say in Europe / James Morgan

Republics of gloom and malice

JOURNALISM in the former communist countries generally disappoints those who expected a sudden irruption of fresh, innocent talent. Only the Russians, whatever side they are on, have a gift for the vivid phrase, the articulation of deeply-held prejudices, and pure malice. They also have the ability to impart it in measured terms. Many could easily find jobs on British tabloids where these gifts are prized.

Last Sunday in Moscow a number of old-time communists and unsavoury nationalists were badly beaten up by the militia, the OMON. Unreconstructed elements in the media had a fine time. The army daily, *Krasnaya Zvezda*, wrote: "On February 23 the fatherland traditionally hails the military achievements of its defenders. The Moscow government marked the day in the spirit of the new times – with the fists and batons of OMON troops who cracked down on old warriors, Afghan veterans, servicemen who 'dared' place wreaths on the tomb of the unknown soldier."

Sovietskaya Rossiya said political leaders were able to place wreaths on the tomb but ordinary Muscovites could not. "Approaching the tomb... they were met with democratic truncheons." An on-the-spot report continued, "From a distance of 200 metres it is hard to hear what people are shouting. A rubber truncheon goes up – an OMON trooper strikes an elderly invalid who tries to defend himself with a crutch. The steady hum of the crowd turns into an uproar. The chains of OMON and police provoke the masses trying to get to the Lenin Mausoleum and the tomb of the unknown soldier. Blood is shed and dozens of people hospitalised."

Nezavismaya Gazeta is the standard bearer of the liberals, the reformers, the good guys. So what did it make of this act of repression in the name of democracy? It was relaxed to the point of insouciance: "The authorities are probably resorting to truncheons, not because they are afraid, but to convince society that there is a red-brown [communist-fascist] threat. Following the disintegration of the Communist party, the post of 'internal enemy' has become vacant."

Pravda disagreed. "What does the use of truncheons and tear gas against demonstrators on a public holiday mean?" it asked. The answer was that the government was afraid of the people "who had actively rejected the reforms." The one-time communist party daily sneakily quoted the chairman of the stock exchange: "Do not hinder the government," the President of Russian Commodities and Raw Materials Exchange, Konstantin Borovoi, was quoted as saying. "This is the first government in seven and a half decades which has the courage to do something. It faces the task of not only destroying the command economy system but first and foremost creating a new economy, new relations between people."

It balanced that by also quoting the socialist Boris Kagarlitsky: "Stop before it is too late. We are threatened with a complete destruction of the country's modern industrial potential, the country becoming a backward and poor backwater of the western world, and the loss of national independence."

So there is a cross-section of media, and public, opinion in a country with no democratic traditions, where the state has disintegrated and where daily life verges on the catastrophic.

The French press seems to believe its readers are similarly placed but lacks the clarity and coherence of the Russian. And it is even more biased. Poor economic figures published last week led the *Quotidien de Paris* to remark: "All the policies adopted for 15 years to strengthen the competitiveness of the French economy have ended in negative growth..." That was on the basis of a bad final quarter of 1991.

It was a relief to read Franz-Olivier Giesbert in *Le Figaro*: "Certainly, in spite of the debt and the deficits, France's economic situation is not the most desperate, far from it, on the European continent."

The press gave itself plenty to feed on: from the poor performance of French skiers at the Winter Olympics to the impending collapse of the Fifth Republic. In the by-election in Nice last weekend the Socialist party had already been eliminated and the National Front nearly won against the orthodox right. *France-Soir* wrote, "The Fifth Republic was bi-polar for a third of a century, now it is no longer. The strategy of government founded on the clash of bloc against bloc has no sense now that one citizen in two does not vote and one in three can't see himself in the the parties which bring together the right and the left."

It should be possible to explain how in Russia the papers maintain a certain *sang froid* in the face of disaster while in boring old France they seem quite barmy.

■ James Morgan is economics correspondent of the BBC World Service.

Financial discipline comes first on the menu

***Nicholas Lander** spells out the basic rights and wrongs of restaurant trade costings*

THE RESTAURANT trade has its own sources of inside information – less concerned with Budget secrets, perhaps, but invaluable for the latest culinary fashion and the preoccupations of restaurateurs and chefs.

This year, the talk is about bills and how to keep them small. On the menu, cod has replaced sea-bass, oxtail is the rage and lentils are here to stay.

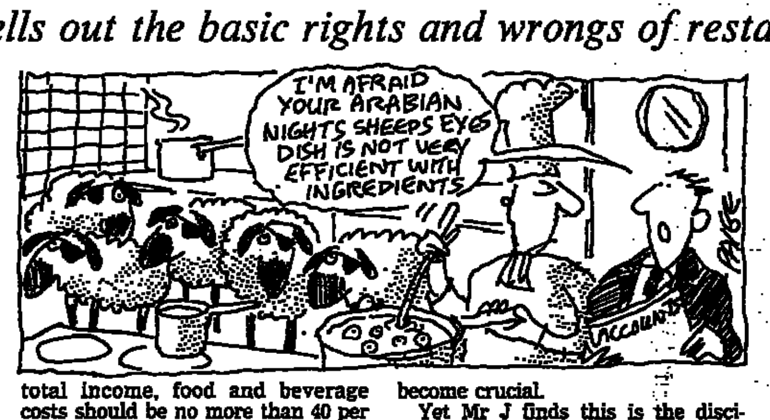
But what do chefs know about setting reasonable prices and, more importantly, keeping them reasonable? It was time to consult Mr J.

During the 1980s Mr J played financial counsellor to more than 10 London restaurants, carving his own special niche in the market. His duties ranged from recording takings to credit control; making out the monthly cheques and wages; petty cash analysis; producing weekly food costs; fortnightly beverage stock-takes, and producing monthly management accounts.

He was absolutely scrupulous; his only weaknesses were indecipherable handwriting and a hatred for computers. In a profession where there is little time for discussion, he produced reliable figures no-one could argue with – not even the chef. Mr J began our last meeting in his own restaurant where, finally, he has been able to practice what he has long preached.

Any successful restaurant needs three ingredients: a talented chef, a welcoming front-of-house and an attentive bookkeeper. With two of the three you might just survive, but not with fewer, and Mr J. cited two examples. First, a partnership of two talented chefs who failed to understand either their customers or their books, and the restaurant went into receivership. Second, a busy London restaurant with a weekly turnover of £15,000. It had not achieved its correct food margin in three years, in spite of excellent reviews, and had fired its executive chef.

Then to specifics. Of a restaurant's



total income, food and beverage costs should be no more than 40 per cent. This leaves a 60 per cent gross margin of which 25 per cent of the total income should be the budget for wages, a further 25 per cent for all other expenses, allowing a gross profit margin of 10 per cent.

As VAT and Inland Revenue inspectors have clamped down on casual labour, and rising rent and rates have pushed up overheads, obtaining the right food cost has become crucial.

Yet Mr J finds this is the discipline which chefs most lack. Their answer, when food margins are not achieved, is to raise menu prices. Restaurant-lovers know this is self-defeating: we go less often. The solution is more fundamental.

Any menu, Mr J argues, must begin with a breakdown of all its ingredients and a costing of each dish. If a 40 per cent food cost is the goal, then a dish that will appear on the menu at £10 must cost no more than £3 to take account of VAT. Electronic cash tills and computers have made the arithmetic easier.

But what does Mr J advise for any chef keen to keep his prices low and his customers happy? He has installed a weekly regime throughout London. He begins by calculating the food takings separately from the beverage income and then adding up the cost of all the food delivered, making sure that the chef does not try to hide even the smallest invoice. This gives an accurate indication of how the restaurant is faring within 24 hours of the end of a week's trading.

When the figures are not what they should be the chef will always have an excuse and Mr J believes he has heard them all. A consignment of expensive fish had just arrived; a parcel of "cheap" truffles that were just too good to miss; or a quiet Saturday night because of the Cup Final. Mr J dismisses them all. He has other explanations.

First, that the menu costings are incorrect. They must be investigated not with the intention of raising the prices but by working back from acceptable menu prices – what the customer will pay – to sustainable costs. There is also the possibility of loss or theft – a fillet of beef going astray, deliveries which fall constantly short but which the kitchen does not bother to re-weigh, or a chef in cahoots with an unscrupulous supplier.

Most often, the answer lies under the chef's very eyes. What is being left on the customer's plate or going straight into the pig bin? Minimising wastage has always been an essential quality in a talented chef, but today nobody congratulates a chef for a meal we can only half-eat. We prefer half a bill instead.

In the 1970s chefs learnt *nouvelle cuisine*; in the 1980s how to write cookbooks and appear on TV; in the 1990s, according to Mr J, they must learn how to cost and price menus sensibly.

Bring your palate to the page

***Edmund Penning-Rowsell** looks for well-written wine lists to help mail order buyers*

MORE than 60 per cent of the UK retail wine trade is said to be in the hands of grocery and supermarket chains. Although they sell much of their wine for immediate drinking they are thrusting into the margins of the fine-wine end of the market.

Yet, it is the traditional, stock-holding merchants who still maintain the high reputation of the British retail wine trade throughout the growing and exporting world, especially for vintages that require keeping. Today, with the heavy cost of holding stock and cash-flow demands, this is a not a role easy to perpetuate.

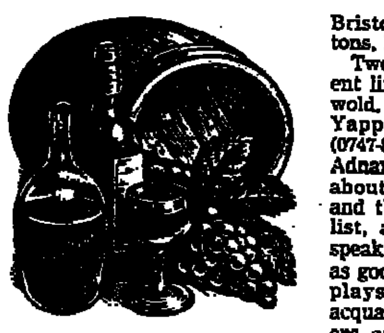
The trade does it largely through seasonal mailing lists, backed by special offers. Even specialist London firms such as Bibendum, NW1 (071-722-5577), Haynes Hanson & Clark, SW6 (071-736-7878) and La Vigneronne, SW7 (071-589-6113) rely on the mail for a good deal of their trade: about 50 per cent at Bibendum and 30 per cent at La Vigneronne.

Increasingly, some companies encourage personal visits by giving special tastings, often tutored, when their clients can see the bottles they propose buying. Customers of Berry Bros & Rudd – who would be shocked to see even a shelf of bottles in its ancient premises at St James's, London SW1 – are directed to Berry Bros Wine Shop in Basingstoke, Hampshire (0256-23566). Lay & Wheeler of Colchester, Essex (0206-764 446), has a laid-out market that accounts for half its total sales to individual customers. The Wine Society's comfortable cellar showroom at Stevenage, Hertfordshire (0438-740-222), attracts an increasing number of its members, although 75 per cent of orders come by post or telephone.

It is not possible for many private merchants to offer such facilities, so it is worth looking at how some nationally-recognised companies meet supermarket competition through selling wines by post. The question is what to buy.

First, the knowledge of even regular drinkers is often limited. Wine is a socially-sensitive subject; many feel they "ought to know" about it. It is impossible to know everything, particularly as more wines from Europe and the New World become available. Yet look at the long, unannotated lists of clarets and burgundies found on wine lists. These may be sufficient for "insiders"; but for the uninitiated, the only criterion is likely to be price.

Compiling a price list is expensive and time-consuming. It involves photographs taken on buying trips, commissioned illustrations and decorations. Lay & Wheeler spends £27,000 a year, the Wine Society £40,000, on the design and production of their lists. Significantly, both annotate every wine.



Thomas Peatling of Bury St Edmunds, Suffolk (0284-755 948), a subsidiary of brewer Greene King, provides a note on almost every wine. So does Philip Eyres of Coleshill, Amersham (0494-433-823). Other companies which go some way to help their customers in this way are Averys of Bristol (0272-214-141), Berry Bros & Rudd (071-839-9033), Harveys of Bristol (0272-26882) and Laytons, London (071-388-5081).

Two firms that take a different line are Adnams of Southwold, Suffolk (0502-724-222) and Yapp of Mere, Wiltshire (0747-860-423). Simon Loftus of Adnams writes so compellingly about his favourite growers and their wines that the long list, although left largely to speak for itself, surely is just as good; while Robin Yapp displays such an intimate acquaintance with his suppliers on the Rhône and Loire that his recommendations carry particular weight.

Some merchants with long lists feel able to provide only brief notes on the districts and vintages from which wines are on offer. One of these is Tanners of Shrewsbury (0734-232 400) and another is the House of Townsend, Hull (0482-26891) with a crowded 58 pages.

Bibendum gives fuller notes, but La Vigneronne concentrates on the vintages in a typewriter-style catalogue that is not easy to read. Winecellars of Wandsworth, London SW18 (081-871-3979), an Italian specialist, writes informatively about the growers and the grape varieties there, but little about the particular wines.

Then there are the merchants, mostly distinguished, who clearly believe that their sophisticated customers need little or no guidance except for a succinct note or details of a particular growth. Such firms include Corney & Barrow, London EC1 (071-251-4051); Justerini & Brooks, London SW1, a subsidiary of Grand Metropolitan (071-493-8721); Haynes Hanson & Clark; and O.W. Loeb, London SE1 (071-928-7750). A most uninformative list is that of Valvona and Crolla of Edinburgh (031-556-6066), an Italian wine expert, although an occasional comment slips through.

Most merchants of any size produce two lists a year: one after the Budget, which might alter duties, and in the autumn. The Wine Society now issues a third immediately after Christmas, because it expects cash with orders, and the autumn list might be depleted by the New Year.

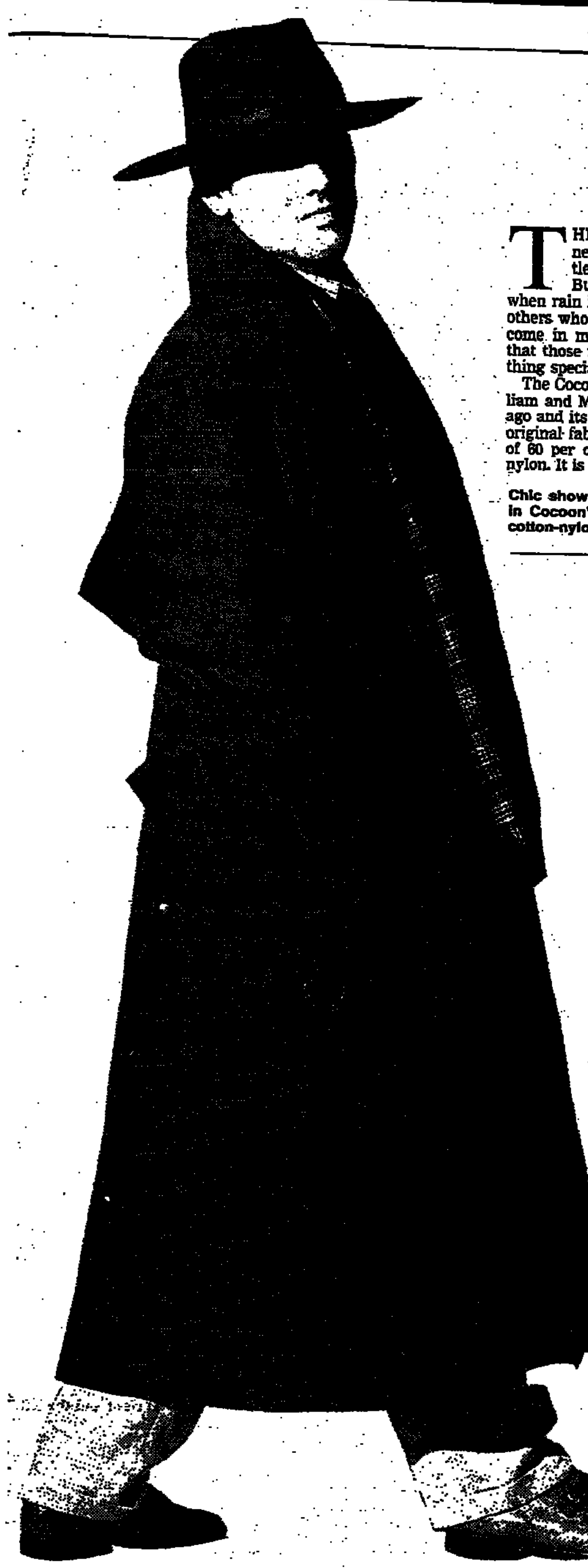
Adnams, Averys, La Vigneronne and Yapp are among those which publish only post-Budget lists. This surely discourages ordering by the autumn and especially for Christmas presents; before then, the chosen wines may have sold out.

Many lists are produced in the large A4 size, which offers greater opportunities for decoration and illustration: Adnams, Lay & Wheeler and Winecellars are good examples. But for those who enjoy the sybaritic pleasure of browsing through lists in bed, the more compact A5 catalogues of Justerini & Brooks, Tanners and the Wine Society have handling advantages shared by the even more discreetly-sized handbooks of Berry Bros, and of Corney & Barrow.

HOW TO SPEND IT

Lucia van der Post on the Macdonalds' distinctive and lightweight rainwear

Lovely big Macs to go



THERE ARE those who will never be persuaded that a gentlemen wears anything but a Burberry or an Aquascutum when rain is threatening. But there are others who have learned that raincoats come in many shapes and forms, and that those made by Cocoon have something special to offer.

The Cocoon range was started by William and Malla Macdonald a few years ago and its chief claim to fame was the original fabric – made from a mixture of 60 per cent cotton and 40 per cent nylon. It is light, strong and it breathes.

Chic shower-wear: a trenchcoat in Cocoon's special lightweight cotton-nylon fabric. It costs £170

It is almost totally water-repellent, partly because of the special weave and partly because it is impregnated with a silicone proofing agent. The fabric has a lovely, slightly crinkly texture and seems to take colour exceptionally well. And on top of all that it can be washed in a washing machine.

There is now another Cocoon fabric, this time a mixture of 60 per cent cotton and 40 per cent Tactel, which is also light but is softer and more supple. It is coated with a permanent resin finish.

The original fabric seems almost uncrushable, which makes the raincoats perfect for travelling – you roll them up and pack them in the pouch they come in and off you go. When it rains the coat emerges looking as good as ever it did.

The Macdonalds have wisely gone for a particular niche in the market – neither safely classic nor ultra-trendy, Cocoon products have that air of always being vaguely fashionable. The range is small – some strong basic shapes, homing in on roomy styles that shrug over sweaters or jackets. Each can be ordered with optional detachable hoods and matching large tammies or sou'westers, lined with Viyella.

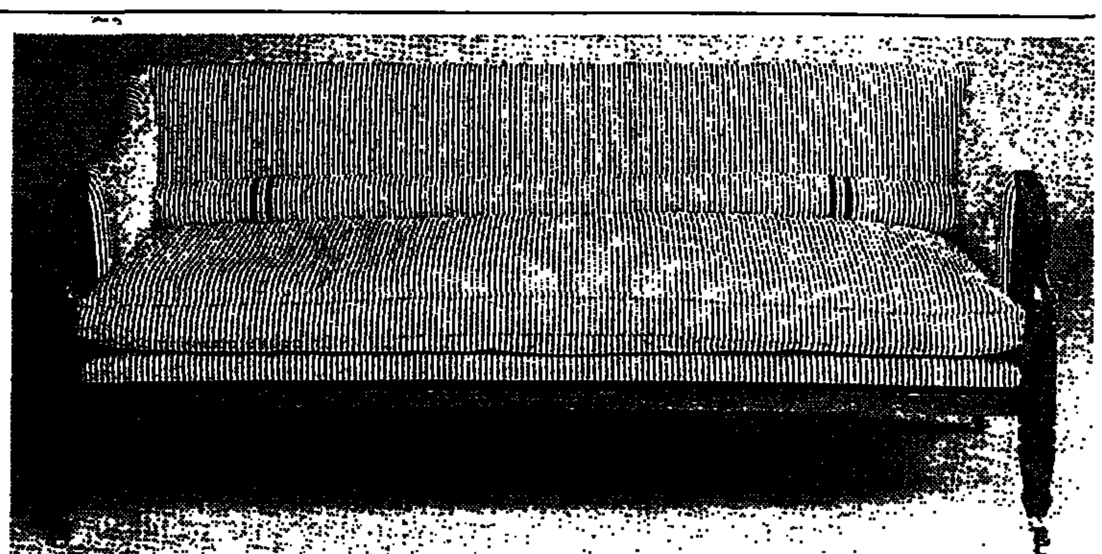
All the coats can be ordered with a Viyella lining that is fastened with snaps. With the lining the coats are warm enough for all except the very coldest weather.

The colours are lovely – dark chocolate brown, bright red, light and dark khaki, black, navy blue. All coats are made to order, so they fit properly and you get exactly the shape you want, in the colour you have chosen, with the lining you want. Prices are around the £150 to £200 mark and the coats are made for both men and women.

Potential customers can visit the showroom and workshop on the banks of Loch Lomond at Alexandria, Scotland, or there is a shop at 28 Victoria Street, Edinburgh and another at 142 Campden Hill Road, Holland Park, London W8 7AS.

If you cannot visit the shops you can order by mail from Cocoon, Macdonald Originals, Lomond Industrial Estate, Alexandria, Dumbartonshire, Scotland G83 OTL. Tel: 0389-55511.

Sitting pretty



REPRODUCTION used to be a dirty word but, these days, needs must. As the supply of the genuine articles dies out, those who like their furniture old, tried and trusted have had to turn to those manufacturers who turn out perfect copies of the pieces they love.

Priors Hall started life selling antiques but gradually found itself restoring pieces and then making, for example, a chair to complete a set. Today, it is engaged full-time in producing fine copies of period furniture. But it is not in the business of merely copying – it actually builds its pieces entirely by hand, following the line and spirit of the originals and using the same materials, the same detailing and the same finishes that make the original so desirable.

As it copies only the finest and the best, the comparisons in price with genuine antiques are staggering; for instance, Priors Hall can sell you a fine copy of a Queen Anne Burr walnut kneehole desk for about £4,000. If you could find the real thing, you would probably have to pay around £38,000.

Priors Hall Chippendale dining chairs sell for £380 while the going rate for an original is 10 times more. The Regency sofa, photographed here sells for £1,250 while an original would probably fetch £2,500.

Anybody interested can visit the recently-opened shop at 604 Fulham Road, London SW6 5RP (Tel: 071-384-2223).

LvdP

Vintage glasses

PRYCE & Brise Antiques is a charming small shop in Fulham, west London, that specialises in English antique glass, mainly Georgian and Victorian. There are handsome celery vases, fine claret jugs and Georgian cut-glass port decanters, all of which would make splendid presents.

You could buy a Bristol blue glass decanter for £180; a set of six green glasses, dating from about 1820, for £430; an 1810 whisky decanter for £310; or a Victorian celery vase for about £50. One of those rare, 18th-century wine glasses with a colour twist stem could cost a few thousand.

Pryce & Brise found, however, that demand greatly outstripped supply in one particular area – champagne flutes. The recession might be deep but champagne-drinking, it appears, still goes on. So, Nella Pryce and Jan Brise, the two women who own and run the shop, set about re-creating a champagne flute from an original early-19th century design.

Made by hand and sold singly, in pairs or in boxed sets of four, the flutes can be bought in more or less unlimited quantities. The result you can see photographed here left.

They are sold singly at £28 or can be sent by mail in a boxed set of four for £112 (plus postage and packing of £7). Those who are fond of initials on everything, or who have crests to which they are attached, can have those engraved to order.

■ *Pryce & Brise is at 79 Moore Park Road, London SW6 2HH. Tel. 071-736-1864.*

LvdP

A touch of rural bliss in the city

ANYBODY IN London between March 5 and 8 might like to head for The Business Design Centre, Islington, north London, where a most uncity-like activity will be taking place. There, in the midst of one of the capital's most urban boroughs, The Country Living Fair will be celebrating, in its own inimitable way, the joys of rural bliss.

Gathered together under one roof will be a large collection of that vast army of crafts people whose work somehow embodies the rural ideal. Besides being able to buy almost anything from a beautifully-made rocking horse to a hand-knitted sweater or a piece of painted furniture, the visitor will be able to watch many crafts people actually at work.

Potters will be potting, painters painting, country cooks cooking, embroiderers will be embroidering – every exhibitor has been through a rigorous selection process and been invited to attend, so standards are high and the interest should be enormous.

Among so many delights it is hard to choose just a few but *Weekend FT* readers will want to know that our own Philippa Davenport, in her capacity as cookery writer on *Country Living* magazine, will be there, ready to answer your culinary questions.

Look out, too, for the fine cotton bedlinen from Cologne and Cotton – prices are exceptionally good and quality is high. Then there is the stunning blue and white ware made by Michael and Carol Francis – in particular beautiful tulip vases and charming brick vases. Then there are Andrew Young's green jugs and colander bowls, Sally Green's painted furniture, Lloyd Loom furniture and so much more.

With six pavilions, each representing a different theme (crafts, interiors, gardens, food and drink, leisure and environment and style) it ought to keep any keen visitor busy. Tickets cost £6 for adults. The fair is open from 10 am every day and closes at 8pm on March 5 and 6, at 6pm on March 7 and 5pm on March 8. The show is virtually sold out and it would be wise to call the Business Design Centre on 071-288-6461 to check ticket availability.

LvdP

FOOD & WINE

Cookery/**Philippa Davenport**

Pancakes that won't batter your ego

ONE pancake splattered on the ceiling, one ego shattered on the floor. An ignominious attempt at pancake-tossing has left an ugly mark on the ceiling as a rueful reminder of my clumsiness.

I am not so keen on pancakes now. All the fun and excitement goes if you are condemned, as I am, to turning them with tentative fingers and a spatula. So, I shall leave it to others to show-off their pancake prowess on Shrove Tuesday. Instead, I shall turn my hand to other batters – for I am traditional enough to want to indulge in the time-honoured Shrovetide feasting on dairy produce before the Lenten fast.

Drop, or dropped, scones sounds ominously like another disaster, but the name means simply that these scones are made from a thick batter that is dropped off the tip of a spoon on to a griddle for cooking. This distinguishes them from the sort of scone that is made from a dough, rolled out, stamped out with a cutter or upturned tea-cup, and baked.

My other recipe is for apple fritters, one of those old-fashioned puddings which, while largely forgotten, is much too good to allow to fall from memory completely. Like drop scones, it can be served in savoury ways as well as sweet.

You might think it is sour grapes that prompts me to suggest that these dishes will make a less hackneyed feast than pancakes for Shrove Tuesday, but you will surely acknowledge that they win on speed. Pancakes have to be cooked one by one; these can be cooked in batches. And the less time you spend at the stove, the more time there is for celebratory eating.

COTTAGE DROP SCONES.
(makes about 15)

Cottage cheese is not an ingredient I use often – the associations with dieters' salads are too grim – but here it is pure pleasure, used in place of flour to make a tender and creamy light batter. Drop scones (also known as Scotch pancakes) make a sizzling 4pm treat. They are just right for tea-time visitors when there is no time to bake a cake – and are ready to eat within minutes of thinking about making them.

Add a drop of orange flower water or a pinch of cinnamon to the batter for fragrant variations on the theme. Flavoured like this, they can even be served for dinner, teamed with crème fraiche and something fruity – say, the pulp scooped from passion fruit, or home-made lemon curd, or spoonfuls of Very Very Apricot (Elsenham's recently-launched runny, fruity and rather superior jam-cum-sauce).

If you prefer something savoury, season the batter with salt, pepper and perhaps a little spice. Top the hot, freshly-cooked scones with grilled streaky bacon or a sauté of chicken livers and mushrooms, or serve simply dripping with butter and sprinkled with chopped fresh herbs or shavings of Parmesan.

I plan to try making these drop scones using buckwheat flour when I think they might make an agreeable alternative to blinis for serving with soured cream and caviare (or smoked salmon, if funds will not run to caviare).

Ingredients: 2 oz self-raising flour (or 2 oz wholemeal flour plus ¼ tsp baking powder); 1 tablespoon caster sugar or a good seasoning of salt and coarsely-ground black pepper; 1 oz butter at room temperature; ¼ lb cottage cheese; 2 large eggs; 2-3 tablespoons milk.

Method: Mix the flour (plus baking powder, if using it) and sugar or salt and pepper. Add the butter and cottage cheese and whizz in a food processor for a few seconds. Pour the lightly-beaten eggs through the spout while the machine is running and continue whizzing until blended smoothly, adding the milk as necessary to slacken the batter slightly.

Drop tablespoons of the batter on to a hot, lightly-buttered griddle or heavy frying pan (three or four tablespoons spaced a little apart) and cook over moderate heat until set to a golden brown underneath and bubbles foam to the surface. If the heat is too high, they will burn. Flip them over and cook briefly on the second side.

Keep the scones warm and tender in a low oven, wrapped between the folds of a napkin, while you cook the rest and serve as soon as possible.

APPLE FRITTERS
(serves 4-6)

These can be served very simply with quartered lemons and a dusting of demerara sugar for crunch. Spice them up, if you will, with cinnamon sugar or a grating of nutmeg. Or pull out all the stops and hand round a bowl of whipped cream laced with calvados or English apple brandy.

For those more savoury-minded than sweet-toothed, the fritters can be served in tandem with Wensleydale or Lancashire cheese. Or, instead of sugar and lemon, flavour the batter with salt, pepper and rosemary, thyme or a few bruised fennel seeds and serve the fritters as partners for pork meats: grilled pork chops, gammon steaks or good old-fashioned sausages – a rich and splendid combination.

Ingredients: 6 Coxes or other aromatic and not-too-sweet dessert apples; 1 lemon; 1 tablespoon caster sugar; 4 oz plain flour; 2 tablespoons melted butter; ½ pt still dry cider or unsweetened apple juice; 2 egg whites.

Method: Grate the lemon zest finely and whizz it briefly in a food processor together with the caster sugar and flour. Add the melted butter and cider or apple juice, pouring them through the spout while the machine is running, and continue processing until the batter is blended smoothly.

Peel and core the apples. Slice them into rings and rub with a cut lemon. Whisk the egg whites to snowy peaks and fold them into the batter. Coat the apple slices with batter (just a small handful at a time), shake off excess and deep-fry in oil heated to 360°F (185°C) for four-five minutes or until piping hot, golden brown and cooked through.

Drain well, keep hot in a single layer in the oven while you cook the rest, and serve as soon as possible.

Appetisers

Sailing on a full stomach

THE DELAY over the opening of the Channel Tunnel and the closure of some ferry services has somewhat muddled the waters we British have to cross for our holidays abroad.

As some compensation, the Automobile Association has just published a concise guide to 27 car ferry services sailing from the UK to Northern Ireland, Eire, Scandinavia, France, Holland, Germany and Spain, and rated all their facilities and services on board. Top culinary marks are awarded to vessels operated by Scandinavian Seaways to Denmark, Sweden and Germany, the Olau Line to the Netherlands and to Brittany Ferries for their flagship vessel, the *Bretagne*, on the route between Plymouth and Santander in Northern Spain.

The guide is available free from all AA shops. . . . *Nick Lander*

* * *

GERMANY imported 14.05m bottles of champagne last year and, for the first time, became the biggest foreign buyer of this wine, dislodging the UK – which had been Champagne's biggest customer for the previous five years – by a mere 27,000 bottles.

But while even German imports were slightly down on 1990, Britain's were 34 per cent lower, in spite of a remarkable 2.7m bottles shipped to the UK in December.

In view of the widespread stories of the collapse of champagne sales everywhere, with a world total of ex-Marne sales of 120m bottles, this is less than 10 per cent below 1990's total. Although the gap between last year's vintage of 276m bottles will add to the stocks in Champagne's chalk cellars, the extra age in bottle resulting should only be for the good . . . *Edmund Penning Rowsell*

* * *

LOVERS of Spanish food and cooking have never really been satisfied by the offerings in Spanish restaurants in London. Many of the tapas bars which opened in the 1980s have closed, Los Remos of W2, and Meson Don Felipe of SE1 being honourable exceptions; of the restaurants, Galicia W10, Rebatos SW8 and La Giralda in Pinner have been the most reliable and Pepe's is due to open this month in Malvern Road, W9.

Meanwhile, the small firm of Brindisa in Crimscott Street, London SE1 (071-231-0016) has been quietly importing the best that only Spain can offer: serrano ham hung for a minimum of nine months; chorizo sausage; membrillo, the quince cheese; sherry vinegar and saffron. Two of their cheeses are now in Safeway supermarkets, a blended manchego and a Majorcan mahon, while more of their range is at Selfridge's, Harrods and Villandry in London; The Flour Bag, Lechlade, Gloucestershire; and the Fine Cheese Company in Bath. Within London Brindisa will now deliver reasonable orders to your home twice a week as well as sending orders by post . . . *NL*

* * *

THE Rhône house of Chapoutier has been revolutionised by the brothers Marc and Michel, who are still in their early 30s. By instituting organic methods and shrinking yields, they are making exceptionally concentrated, serious wines. Best value in Britain at the moment is their barrique-aged 1990 Rasteau, so spicy it tastes almost mulled, with its 20 per cent ration of Mourvedre grapes. At £5.25 from Majestic it could be drunk now but should reach its best in a year or two . . . *Jancis Robinson*

* * *

THE NEW Food Safety Act is forcing all professional food handlers back to the classroom. What can never accurately be established, however, is just how many cases of food poisoning or an upset stomach occur in restaurants or at home.

Some time ago I went on a one-day course for Environmental Health Officers and picked up many useful tips about how correctly to prepare and store food at home. The Central Catering College, Cornwall Road, London SE1 (Tel: 071-928-9686) is now offering similar one-day courses for professional and amateur cooks. The cost is £55 . . . *NL*

PERSPECTIVES

The true believers still in thrall to Stalin's ghost

Jonathon Cohen meets the veteran communists who can only wring their hands in anguish as their dreams and their country crumble around them

FOR Grigori Khazanov, the past is suddenly a foreign country where things were done differently. Almost 80 and a Communist Party functionary for most of his life, his views are now deeply unfashionable. "We believed, we believed in Stalin and in a shining future. We believed in progress."

Now, following the break-up of the Union, he and thousands of others find themselves in a land without history; a land stripped of the past they strove to create. They look back on 74 years of wasted endeavour. And amid the chaos of the disintegrating monolith, and in the face of market forces, the past has assumed a rose-tinted glow.

It is easy to forget those who battled to build communism, to build a state in which the workers would be respected. Khazanov and his contemporaries regret not just their faded youth but also that of their country. For them a past perceived as radiant is counterposed by a bleak present. The vortex of decay in which the Russian economy is spiralling is a bitter hardship for the elderly.

Communism's capitulation might offer new opportunities. But for those who lived through the Stalin revolution and the consequent social transformation, and who weathered the storm of Nazi invasion, it is the evaporation of a dream, of the beliefs of a lifetime. They now live off meagre pensions and represent an estranged element in society. "Time will tell, the wheel will turn, we'll fight on," says Khazanov, clinging to a faltering belief.

Many elderly people mourn not only the demise of the Soviet Union but are also pained by the scorn poured on the years of Stalin. Many remain ardent Stalinists, though adoration of Stalin was a fraught compound of love and fear.

Stalin's years were those of their prime. Appalling hardships there were, millions suffered and died under a cruelly oppressive system. But others prospered. This was a period of dramatic social mobility, when peasants' children became industrial managers or high-flying party functionaries. Above all there was idealism. People shared a common purpose. The society they had a role in building was lauded as a new stage of human civilisation, bestowing an aura of promise upon the period. Wartime triumph bolstered this. By 1945 the Soviet Union had emerged as a world power.

Current events are a barbed disillusionment, piercing their hearts in old age. This forlorn generation present the most visible sign of a society in shock, although bewilderment at the rate and depth of change reaches far beyond it. After six years of Gorbachev and perestroika this is not a society only now throwing off the cobwebs of isolation. Outside influences have become increasingly apparent. But influence is not the same as a sea-change. The realignment of a society, from communism to the market, is a baffling experience for those caught within it. Assumptions ingrained since childhood, for old and young, are being overturned.

Coming to terms with the break-up of the Union demands a psychological step of the imagination which is too great an emotional exertion for many in their twilight years. Victory in 1945 instilled a sense of worth in people like Khazanov, but this is now on the verge of crumbling: "I am offended to tears, insulted that the young think it would have been better to lose the war, as if we would all be driving Mercedes now."

Khazanov's bitterness is not directed at the past, though he admits that Stalin made mistakes, but rather at those he labels the "democratic usurpers," in the driving seat since last August's failed coup.

Incomprehension is common among Khazanov's generation. Words such as "insult" and "offence" have become common currency. Nikolai Rekhovskii, now 67 and going deaf but once a wartime bomber pilot, finds it hard to believe that everything has been given away. "It is wild" he said. "After the war we rebuilt everything in five or six years, and now it has taken only five or six years of perestroika to destroy it."

Like many others he wonders how a country overflowing with resources can be begging for aid. "It is not as if we lived that much better before, but we weren't offended and we didn't feel resentment." The economic strain of the post-war years was endured against a psychologically positive backgroumd. Progress was in the air and from the 1950s living standards clearly rose. But now the country's self confidence has been humbled.

"Everyone moans today, but things were far worse before" says Lev Karpov, a 67-year-old ex-infantryman. He recalls a pre-war adolescence in which he shared a four-room flat of 40 sq metres meters with 17 others. He and his brother had the kitchen table for a bed. He grins with childish zest as he looks at his two-roomed, 30 sq metre meters flat in which he lives with wife and daughter, and announces: "This is progress."

Progress indeed, but Karpov's pride is laced with despondency: "We thought it would be better and better, and it was. But its a nightmare now, chaos. I don't even know in which country I'm living. My heart boils when I think of the Union falling to pieces. I used to have a motherland, now I have nothing. It's a nightmare." Nightmare, chaos, awful – the refrain of a generation left in shock.

The sense of betrayal among wartime veterans is deep-rooted. In December, Moscow marked the 50th anniversary of its defence against German forces in 1941. The celebrations were intended to culminate with festivities in the central Manezh Square. But instead it produced an event of comic proportions which could only ridicule the cherished memory of victory.

In the chilling cold, few people showed up. Vladimir Ponomarev, however, came from Ukraine to commemorate the victory in which he had fought as a teenager. The incongruity of the event was matched by its music. One moment a military band was blasting marching songs, the next a loud hailer boomed *Tutti Frutti*. With snow drifting past our eyes and Little Richard blaring out, Ponomarev commented: "Business is for the young, not for me. I believed in socialism and I am too old to change. It is difficult to embrace what you were brought up to detest."

During the celebrations many veterans had gathered to reminisce. At a partisan meeting, 69-year-old Nikolai Toloraya took the podium to make an impromptu speech. He thundered: "We are enduring a terrible tragedy in our motherland. We defended the capital of the Union, but what is happening now? How can we stand by and the let republics go, see our monuments torn down and our heroes abused?" The entire audience of 100 men and women, all of whom had fought behind German lines in the winter of 1941-42, gave him the loudest ovation of the day.

Toloraya knows exactly where to point his finger to find the origin of the events which so dismay him. "Perestroika and its ideology are guilty. Gorbachev and Yeltsin are to blame. They want to go back to capitalism, but we were brought up in the spirit of socialism, it's in our blood and we lived in harmony." No acknowledgement is made of the extent to which this "harmony" was born of dictatorship.

Raised as a communist, Toloraya is quick to identify privatisation and price rises as the source of disharmony. For him, the flip side of enterprise is speculation. He was stunned to learn that students at Moscow State University are now selling party cards, once the symbol of loyalty and commitment, as a $10 souvenir to foreigners.

Disillusion is more easily expressed than solutions are conceived. Stalin's iron fist retains attractions for many of the elderly – it represents a period of order when they knew where they stood. Piotr Khazarian, a diminutive man who shares a communal flat with an alcoholic whom he despises, emphasises this: "Our generation respect Stalin. You knew that if you worked you would eat, and if you did not work, you wouldn't. We need that discipline now." A pin-up nude hangs on his wall, but it is accompanied by Stalin's portrait, hanging as if in place of a crucifix above his bed.

Stalin's continuing attraction among people such as Toloraya and Khazarian reveals a degree of schizophrenia common in many of this generation. It is a condition born of ambiguity and confusion. Their formative years under Stalin belong to a dark, repressive period, yet one of progress and idealism. Having spent two years in a labour camp in the early 1950s, Lev Karpov can still reflect: "We lived a thousand times better under Stalin." His bewilderment derives from seeing years of toil squandered. The sense that the rank and file have been deceived on an enormous scale, set adrift by historical events and by a leadership primarily concerned with its own comfort, is disorienting.

Karpov lost ten members of his family at the front during the war. Like so many, with the Soviet Union no more, he now wonders what he fought for. That he cries when he hears war songs is reflective of the emotional resonance that the war still has. At a demonstration to condemn the break-up of the Union, Vladimir Zhirinovsky, a proto-fascist and the one political figure of any renown prepared to air the sense of loss this generation feels, led the 500-strong crowd in singing the popular wartime verse: "Arise great land, Arise for the deadly battle, with the dark force of fascism, the accursed horde . . ."

Bring the old days back: a pro-communist protester holds up a portrait banner of Lenin during a recent rally in Moscow's Manezh Square

PROPERTY

Renters rally to plug gap caused by sales slump

Assured tenancies have helped spur the London market, says John Brennan

RESIDENTIAL letting specialists have been smiling alongside their grim-faced sales colleagues over the past two years. For the rental business has largely been unaffected by the recession and demand has held up well.

The sharp fall in trading activity in the City, and heavy job losses at international finance houses, has reduced the number of fresh-faced US bankers leasing flats with money no object. On the other hand, more international corporations have chosen London as their Euro-base in the run-up to the integration of EC markets at the end of the year. The two trends seem to have balanced each other out.

While even the most generous international corporations are tightening budgets for executive accommodation overseas, the number of business renters in London remains high. They are supplemented by an increasing number of domestic tenants who are choosing to rent rather than buy.

Domestic renters, and more UK landlords, have been drawn back into this market by the assured tenancies created in the 1988 Housing Act. The change in the law enables landlords to charge open-market rents and to be certain of recovering their property at the end of an agreed period.

Until the act, landlords renting flats and houses commercially were not willing to accept an individual tenant who might, under existing regulations, win a lifetime's security of tenure at an artificially low "fair" rent.

Even with the new law, landlords initially were reluctant to let to anyone other than a company. As Sammy Salama, of Plaza Estates, says: "People were a bit frightened of finding loopholes or some other problems with the change, but it has been working fine." The result is a choice that has not been available to individual British households for half a century – a realistic option to rent.

"We are seeing more people who sold before the crash who have done their calculations. They can't see any appreciation if they buy now and they see that they are better off renting and leaving their money on deposit," says Salama. "The difference now is that whereas individual tenants were not acceptable before, now they find they are treated like a customer and they can pick and choose the properties they want."

That choice of properties in London has been boosted by developer-owners releasing unsold flats, and by a limited number of individuals offering unsold houses and flats for rent. "Many vendors who are reaching the end of their tether with the sales market will now look to letting as a viable option," says Mary Ryan, of John D. Wood.

These amateur landlords do not necessarily make the best clients for the letting agencies. As Ryan says, once it has been agreed to rent the family home, it has to be available for a reasonable period.

"Vendors-turned-landlords must understand that tenants coming from abroad will not be prepared to entertain release clauses that mean a landlord can terminate just because he believes the sales market has picked up enough to warrant another shot at selling," Ryan stresses.

The most common corporate rental period in London is a year, with a six-month "break" clause. But only the most dedicated bargain-hunters exercise that six-month option to shop around again. "People always can negotiate something off the rent if they try," Salama says. "It is a far cry from the days when it was 'beggars can't be choosers,' with little choice of properly-equipped flats."

The savings are, however, likely to be marginal in a market where, as most of the active letting agents agree, there are invisible – but nonetheless effective – price bands.

In crude terms, central London rents for a single-bedroom or large studio flat would be in the £200-400 a week range (a touch lower in the Docklands of east London). The most active sector is for two-bedroom apartments in the £300 to £500 bracket, while three- and four-bedroom family houses range from £500-700 a week in good but off-centre areas.

Rents for more-distinguished properties – those with a fashionable address and the capacity to be a base for entertainment – race swiftly past £2,000 a week. Then, there is the rarified – and highly negotiable – sector where people keep straight faces while asking rents of £5,000-8,000 a week and more.

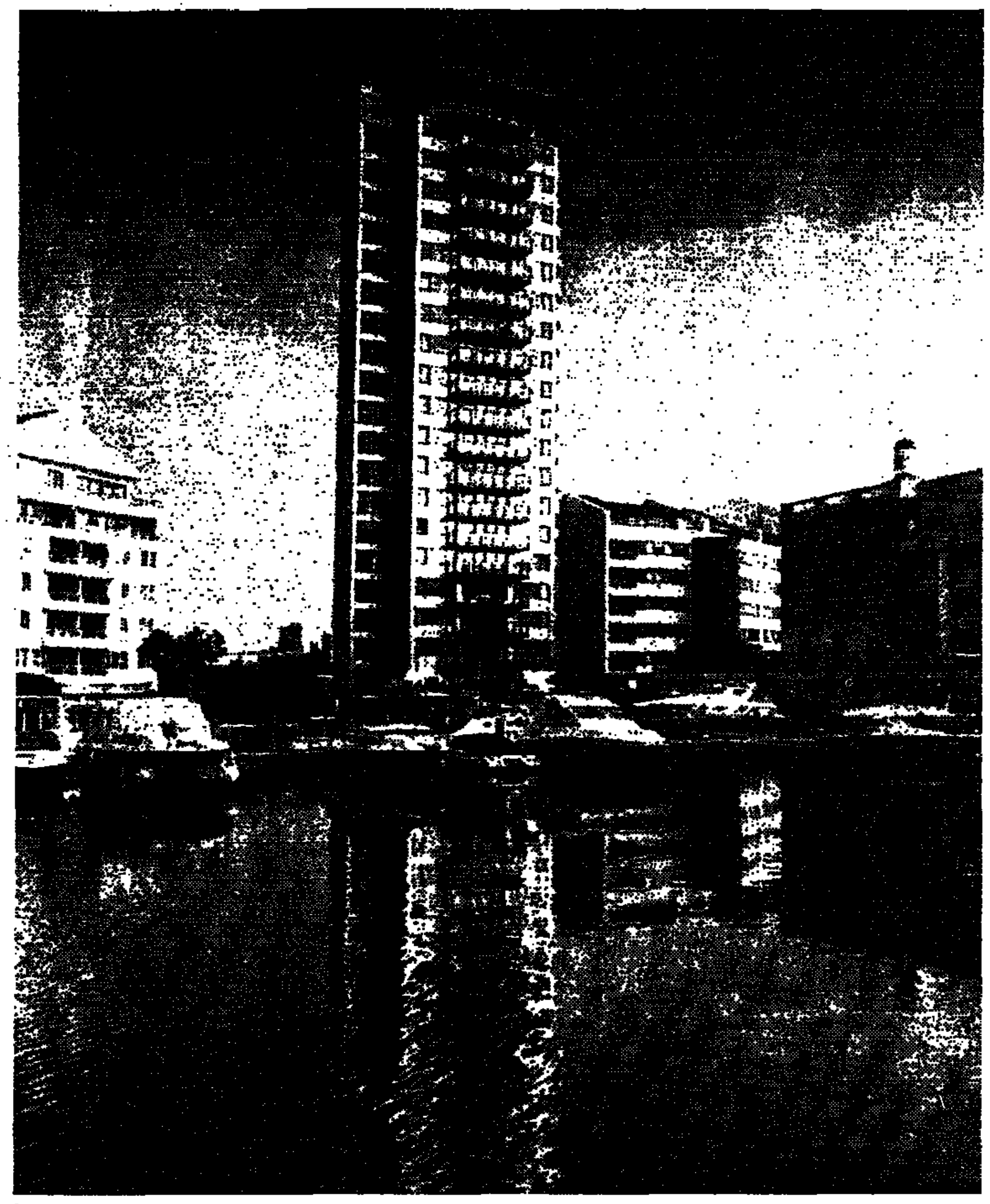
The most expensive rentals tend to be taken up by private visitors who travel with a large retinue. Even at several thousand pounds a week, the costs are likely to compare more than favorably with hotel suites. For the travelling sheikh or the globe-trotting businessman, rental London can be a deal cheaper than traditional lodging.

But these huge rentals account for only a small fraction of all letting. In its most recent survey of the market, Hamptons found that the average weekly rent for a professional letting in central London was £432. That was a balance between averages as low as £170 in Docklands and more than £800 in Belgravia, Knightsbridge and Mayfair.

American corporate tenants are the largest single group for many letting agencies. Savills reports that an exceptional 87.5 per cent of rental deals this year have been with US companies, with budgets mainly in the £500 to £1,000 a week range.

But Aylesford's autumn 1991 survey showed that UK and US renters accounted for around one-third of the total each, with continental Europeans making up much of the balance plus a sprinkling from the Far and Middle East and South Africa. The records at Hamptons show a similar pattern.

Clearly, views of the market vary from agency to agency. At Vogue Rentals, Helene Silvestros has found a sharper-than-average switch to domestic tenants. She notes: "Only a few years ago, the market was dominated by foreign clients, primarily American. However, that has changed with the lengthy recession. Today, over half of all rentals are for English clients."



The Belvedere, in London's Chelsea Harbour: a US corporation is paying £1,500 a week for an eighth-floor flat

Generally stable rents, at a time when capital values are continuing to fall, mean that investment returns are rising. But what an investor might expect to get in this market is debatable.

Some agents are talking about gross returns of 13 and 13.5 per cent – sufficient to earn a double-figure net return after agency fees and professional costs. Others report gross returns of 8 to 10 per cent – impressive by past standards (when net returns of 4 to 5 per cent would have been regarded as good) but paling alongside the premium yields.

Buying makes all the difference. Those premium yields are being won by investors using all their cash power to pressurise the last pound of price reduction from owners keen to sell.

London's stock of apartments for rent never has been so open to scavenger bids; and even with some confusion about the effective rate of return on such flats, the figures are proving enough to bring the buyers back.

Investors looking to the mid-1990s evidently believe that today's returns offset the risk of further price cuts. Hong Kong residents and expatriates have a five-year span in their minds as they look to the 1997 handover of the colony to China.

Their recent buying in London confirms that they believe this is as good a time as any to lay down some comparatively cheap property so they can take a rental return that virtually covers financing costs but leaves enough time to allow for a recovery in values.

When tiny is best

SMALL FLATS in London are a delicate barometer of first-time buyers' activity. According to Stern Studios, they also reveal some curious sub-markets.

Stern deals exclusively in one-bedroom and studio flats, which have a much more rapid turnover than average owner-occupied properties. Director Tom Trudgian believes that the "generally-accepted view that prices have fallen by 25 per cent since 1988 is an under-estimate." Examples of studio flats on offer at one-third less than their 1988 sale price now seem nearer the mark.

Because most people must now pay the community charge (or poll tax) as individuals, rather than collectively as with the old rating system, the use of a pied-a-terre for family purposes has become less economic and interest in that area of the small-flat market has declined seriously (although Stern notes that a number of business buyers are opting for a flat rather than a small office to use as a base, one reason being that poll tax is cheaper than the unified business rate).

It is only among the tiniest properties that Stern finds a steady demand, though. By "tiniest," think of a property of less than 100 sq feet, with no kitchen and (probably) limited bathroom facilities. Stern calls these "broom cupboards"; often, they are partitioned out of a larger old property. (None would get win planning permission as an individual home and, normally, they cannot be mortgaged).

So why is there active demand to pay between £20,000 and £30,000 for them? British Rail's erratic services seem to be one reason. Otherwise, Stern says buyers want this kind of property in order to have a "love nest"; to qualify for a resident's parking permit; as an accommodation or business address; to rent out; or as a straightforward investment.

J.B

GARDENING

Cyclamen need friends, too

***Robin Lane Fox** trawls the Mediterranean world for attractive varieties*

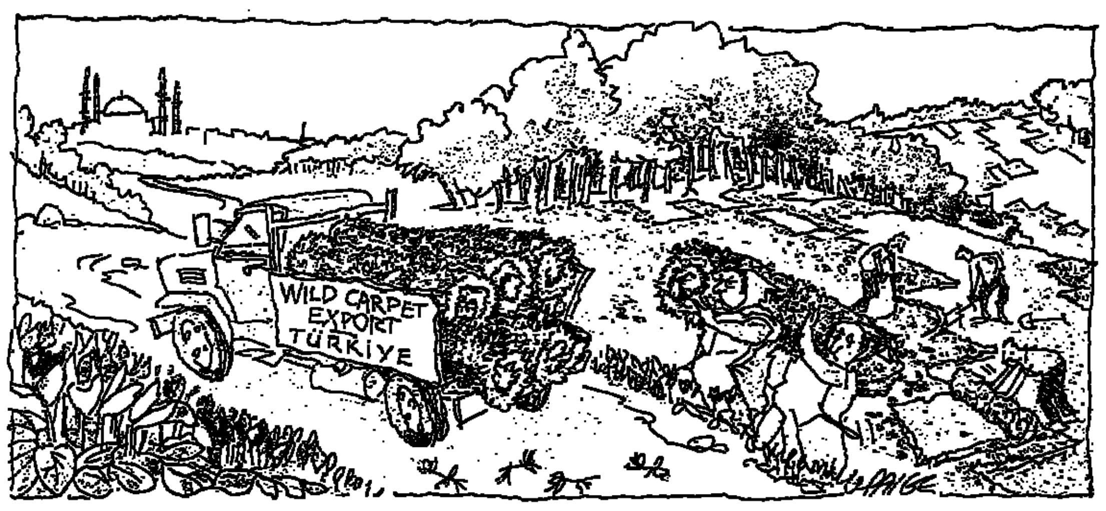
THE ROYAL Horticultural Society's garden at Wisley, Surrey, will today host an open day for cyclamen. Starting at 11.30, visitors will have a chance to see many of the best wild forms in full flower or leaf. You can buy young plants and also join the Cyclamen Society (otherwise based at Tile Barn House, Iden Green, Benenden, Kent.)

Cyclamen need friends, not just because the many wild forms are such wonderful plants outdoors and in pots. In the wild, they are also being stripped and collected ruthlessly.

The numbers of cyclamen being pulled up for the trade has risen vertically in the wake of new botanical discoveries. It might seem incredible, but new species are continuing to be found in areas travelled as widely as western and southern Turkey.

Two new forms have turned up in the past 20 years, one of which is especially noteworthy. Called Mirabile, this lovely form shows its pink flowers and toothed leaves in September, and looks like a graceful variation on the better-known Cilician variety. Luckily, it is proving to be hardy in British gardens, although its small flowers are also happy in a pot in an unheated greenhouse.

No sooner had gardeners woken up to it than enthusiastic Turks began to bring it to the market in quantity. I have heard and seen amazing stories – how peasants in the pine woods are paid piece-rates to lob tubers of newly-wanted Mirabile into baskets; how casual labour bussed-in from the East for cotton-picking has been turned loose on this new plant for the west European trade.



Naturally, respectable growers, nurserymen and society members grow cyclamen only from seed raised from their stock plants in captivity. Not so the egregious Turk to whom I was introduced some while ago in Izmir. Wild flowers, he told me, were the crop of the future; he went south every year to organise "harvesting." But did I think there would also be a market for snowdrops, which he had located by the thousand in woods near the Black Sea?

When amateur growers gather together, everyone has a horror story from the wild. I must emphasise that no good nursery would ever knowingly offer mass-collected stock; but accidents can happen and rules can be broken because of intermediaries who have bought from Turkey and sold quietly to the wholesale trade.

So: where to buy safe stock, and which varieties should you choose for the greatest pleasure?

The expert firm of Potterton and Martin issues lists from Nettleton, Caistor, Lincolnshire, and sells cyclamen as growing plants in pots. The present list runs to nearly 30 varieties which would otherwise be local to Libya, Cyprus or the Lebanon. They are raised within the trade, not imported from the wild, and make the most rewarding presents for anyone whose greenhouse is not heated.

Under glass, wild cyclamen can take you right round the calendar, flowering in almost every month and outperforming almost any other indoor plant. When gardens are banned in due course for being cruel to weeds, I will pot-up my 10 best varieties and withdraw them indoors to an unheated window sill.

In catalogues or at Wisley, watch out for the splendid Lebanese cyclamen. This is not really hardy outdoors but grows easily in a shallow pan of leafy soil that just covers the tuber. Cyclamen libanoticum is in full flower this week and its clear pink flowers are large by the standards of a wild variety. Soon, the wild persicum form will take over, flowering after the leaves have faded and reminding you of qualities which breeders have lost in their florist varieties. Persicum is scented sweetly and its small petals are reflexed – like Piglet's ears in a high wind, in Ernest Shepherd's drawings. Plants cost up to £3, but are grown easily and last for years.

Outdoors, we are blessed at the moment with the remarkable coum, a totally hardy variety with a white form available separately from Potterton and Martin. Soon, it will be the turn of repandum, which runs wild from Turkey to the south of France; then, there will be the neglected purpurascens, which I have seen in hundreds during summer in north Italy.

Autumn brings the best of all: Naples cyclamen, abundant all over the Mediterranean – except in Naples. All of these forms are among the hardiest and are amazingly easy to establish if you buy them growing in pots. Dry tubers are a false economy and their origins are sometimes rather dubious.

Absurdly, the thousands of plants which have been dug up, dried and re-sold into the trade have had the least chance of survival in gardens. Proper nurseries sell stock which damages nobody and is raised in cultivation. I would never garden without them, and this weekend is a chance for Wisley visitors to see how many more small varieties have been isolated, named, and brought to our attention.

Plant of the Week

Galanthus Atkinsii

This is a snowdrop and, if I were confined to one variety only, this is the one I would choose because it spread rapidly into fine colonies and it has very fine flowers on long stems. Curiously, it produces no seeds and its rapid increase is due to bulb multiplication, which means that it shows no variation at all, but is always of the same uniform quality. It flowers in February and early March, prefers semi-shaded places, but will grow in full sun and is best planted immediately after flowering, when it can be lifted with soil around its roots, divided into small clusters of bulbs and replanted as soon as possible. *AH*

Grown in the glory of youth

*For best-blooming summers, **Arthur Hellyer** recommends the old-fashioned way of pruning roses*

THE ROSE world has seen some strange goings-on recently. Serious people *have been pruning them* with power-driven hedge-trimmers, mowing them off at a level height above the ground. Surprisingly, the pruners report that these roses have grown and flowered excellently.

If that is true, why bother with all the finer points of officially-approved pruning? That includes the preliminary removal of all dead, badly-damaged or diseased growth, plus very thin stems; and the subsequent shortening of good growth according to its strength and the precise purpose for which the rose is required.

I think it is premature to throw away the pruning instructions and bring out the hedge trimmers. For, when you think about it, you would expect good results for a year or so from the sort of indiscriminate hard pruning that hedge-trimmers would give you.

The point about roses of nearly all kinds – especially the garden hybrids that have been bred to flower freely and in succession for much of the summer – is that they thrive on young growth. They must have a plentiful supply of it and, in the short term, the most certain way to get this is to cut everything down hard.

The sap pumped up by the roots is concentrated on far fewer buds than there would be otherwise. The result is vigorous growth with, in the case of all repeat-flowering varieties, a good second (and even possibly a third) flush of flowers.

I would expect this to continue for two or three years with hedge-trimmer pruning, but it would be a policy of diminishing returns. This all-over pruning at one height, irrespective of type of growth, would result in a gradual accumulation of dead and dying stems.

This is much the way roses live in the wild. They allow their old stems to die, caring not at all how unsightly they look; and if they get diseased, that also is permitted to take its natural course.

There is a lot of renewal from sucker growth coming direct from the roots, but few garden roses are grown on their own roots from seedlings, cuttings or layers. Instead, they are increased by budding, which is a particularly economical form of grafting; and the roses that are chosen to provide the roots are of a different kind from the garden roses that are budded on them.

Below ground, these root stocks need to be encouraged by every means possible. Above ground, they must be suppressed totally by being cut out close to the roots from which they grow – and as soon as they are seen.

None of this would be managed by hedge-trimmer pruning. On the contrary, it would be aggravated, because the root stocks are almost always stronger-growing species of rose than the garden varieties grown on them. Thus, when all kinds of growth are cut back equally, it is the root stocks that will multiply with greatest freedom and vigour.

I would agree, however, that some of the refinements of pruning, as practised by specialists, may be part of the fun of growing roses rather than an absolute necessity. You could state a general principle that, the more vigorous roses are by nature, the less detailed pruning they require.

Most shrub roses, such as Fritz Nobis, Nevada and Kassall, can simply be thinned, concentrating on the removal of dead, dying and diseased growth which is easy enough to identify by its appearance. If the bushes are cleaned-up only every few years, it can become quite a time-consuming task; but if it is done annually, it should not be nearly so difficult.

With bush roses, pruning usually is done in February or March when the growth buds are swelling and can be identified easily. Ideally, all cuts should be made just above a growth bud from which it is hoped a new stem will grow. But Then look over rose bushes later in the spring, when they are growing freely, and shorten any shoot ends which have no new growing tips.

They should be cut back to the topmost point at which there is a shoot or a good growth bud. If there is neither, that stem may be removed altogether, since it is of no use to the plant.

Climbing roses divide broadly into two groups: the rambler or very vigorous type, such as New Dawn, which makes a lot of long stems from near the base (or, at any rate, from fairly low down); and the less-vigorous climbing or pillar roses, which make most of their new growth from partway up the old stems.

With the vigorous type it usually is possible to cut out many of the old flowering stems when the flowers have faded in summer or autumn and to train the new, non-flowering stems in their place. With the climbing type, it is really a repeat of the pruning applied to bush and shrub roses: cut out dead and diseased stems, tie-in good growth, and then remove as many of the older but still healthy stems as can be spared. "Roses thrive on youth" is the motto you should bear in mind with pruning.

TRAVEL

A reinvented city that lives on in dreams

"For the majority of people, Alexandria was a dull hole with only good bathing and many French restaurants to recommend it. 'There is nothing to see!' they repeated endlessly, and this, too, was true" – Lawrence Durrell on Alexandria of the 1940s.

Modern Alexandria is hopelessly dilapidated, crowded, and decaying. But, as ***Nicholas Woodsworth*** *discovered, it can still be a place of wonder*

THERE was nothing to see then, and there is nothing to see now. Today, even the French restaurants and good bathing have all but disappeared. The city hugs the shoreline, a linear sprawl of shabby dilapidation squeezed between the desert and the sea. Its greatest age, when its philosophy, religion and science made it the heart of the Hellenic world, lies buried under 2,000 years of urban detritus.

Alexandria's memory is hardly that long: palaces and villas, the vestiges of an elegance lost earlier this century, sit forsaken and disintegrating among a swirl of anonymous bazaar crowds oblivious of their existence. It is a city of ruins, of old colonial ruins and overcrowded ruins jerry-built just yesterday; of cracked concrete and peeling paint; of rising damp below and tangled festoons of telephone lines and drying laundry above. It is a city of desperate rural migration, shabby Egyptian holiday-making and stop-gap civic management. It is a place of some pathos but no obvious appeal.

To anyone with romantic notions of Antony and Cleopatra, the library of 500,000 scrolls or that wonder of the ancient world, the 400 ft-tall Pharos lighthouse, it is all, of course, a great disappointment. This was the city that for centuries acted as a spiritual bridge between two continents; a place where a dozen races met and mingled; a seat of urbanity and eclecticism, intellectual synthesis and knowledge. For most visitors, it is now a decaying, forgotten backwater.

Where is the tomb of Alexander the Great, the city's founder? I asked not long after arriving. Nobody knew. Eventually, with the help of E.M. Forster's *Alexandria* – published 70 years ago and the last guide to be written on the city – I made my way to the intersection of rue Fuad and Nabi Daniel. If Alexander's tomb ever existed there, it has disappeared in a thundering of traffic and a puff of diesel smoke.

Even 70 years ago, Alexandria was what it had been in the beginning: a Mediterranean city looking northwards across the sea to Europe. Today, it is Arab – *al-Iskandariya*, a heavily-populated, industrialised African city. If it looks anywhere for inspiration, it is southwards across the desert to Cairo and, further, to Mecca. But even 70 years ago, long before Nasser's socialist revolution, before nationalisations and expulsions drove 150,000 Europeans away, Alexandria was far from being the romantic city of popular conception.

Forster lived in and wrote about Alexandria only because World War One caught him there on his way to India. A generation later, Durrell also pitched up, fleeing the German invasion of his beloved Greece. Both found the city a hopelessly dull and bourgeois place.

"One can't dislike Alex," Forster wrote, "because it is impossible to dislike sea and stones." Durrell begged to differ; he described it as "a smashed-up, broken-down, shabby Neapolitan town, a saturated, middle-European boredom laced with drink and Packards and beach cabins. No subject of conversation except money."

Yet, from the life of the city, both men extracted a flavour, a hint of some inner being, that allowed each to recreate Alexandria in his own manner. In his guide, Forster brought back to life a classical, ancient city of which no sign had remained.

More important, Alexandria was literally his "passage to India," the city where experiences ranging from philosophical debate with the Alexandrian poet C.P. Cavafy to a love affair with a tram conductor formed his outlook on the meeting of east and west. And as uninspiring as Durrell might have found the place, there was something there that allowed for its transformation into the dreamy, lyrical city of his *Alexandria Quartet*.

What was it? The answer is not to be found in Alexandria's sagging tenements, its refuse-littered streets or horn-blaring traffic. It is not to be found in any material aspect of the city at all but, instead, in the spirit and imagination of those Alexandrians who remain aware of its past.

So great is its weight of history that, for them, a second, grander city, insubstantial and ghost-like, rises out of the visible city's decay and neglect. To see it, you have only to look through the eyes of Alexandrians who, despite the evidence before their eyes, continue each day to re-invent the place.

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Although now less and less common, such people can be found in the most ordinary of places. Shahira, for example, grew up in a land-owning family which, in pre-Nasser days, claimed large Nile delta tracts and feudal ownership of entire villages. Wealthy and educated, equally proud of her Arab traditions and cosmopolitan upbringing, she might do anything with her life.

What she chooses to do much of the time is hunt around in junk and second-hand furniture shops. There, surrounded by an age that no longer exists, she finds objects of beauty and brings them back to the present. It is her way, perhaps, of slowing the ebb of time.

In an old shop off the Sharia El Hurriya, I watched Shahira digging about in a room stuffed with sagging bedsprings, chipped china dogs, veneer-peeled armoirs and broken typewriters; along with a hundred other things, they imitated the larger life of the run-down, limp-along city outside. No-one, I thought, could find anything of value here.

But, from under a battered metal table, Shahira hauled out a straight-backed chair. Covered in grime, its upholstery ripped, it was old and once valued, a stray heirloom that spoke for the existence of another Alexandria. For Shahira, its restoration would be the building of another bulwark against the slippage of time.

Inspired, I took to spending rainy afternoons in the city's antique shops. In bronze statues, ormolu clocks, ivory canes and gilt-framed mirrors I met the lingering spirits of Alexandria's past.

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Like Shahira, Christina is another backwards-looking visionary. She takes her place every day behind the cash register at the Cafe Elite, one of the community of expatriates to whom those sad antiques once belonged. Alexandria is no longer the Paris of the east but, like an antique itself, the Elite hangs on unchanged, a fading Gallic outpost for a *demi-monde* that no longer exists.

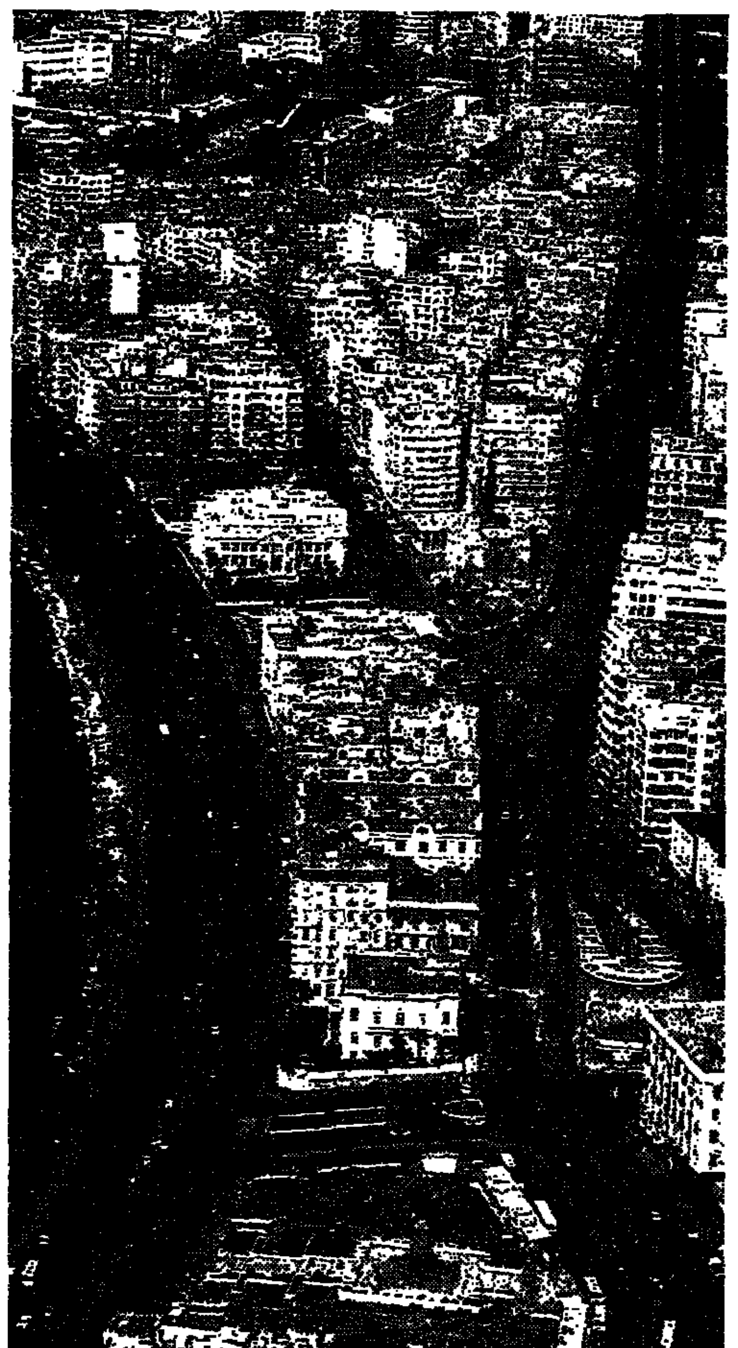
Christina sat me down, had a cream pastry brought and, in polished French, recounted the visits of Piaf, Josephine Baker and others who once visited the Elite. For Christina, the elegant theatre crowds might have left only the evening before. She sees them still: the Greek and Italian cotton brokers, the English shipping agents, the Levantine factory-owners, the socialites, cafe philosophers and sybarites of a score of nations. Alexandria was, for all, a summer idyll that would last forever.

No one questioned the villas, the servants, garden parties, idle promenades, fashionable clothes, private schools. Not even Christina, daughter of a Greek shopkeeper, questioned ancient Greek and Latin at the Lycee Francaise. Why should she? Even the shabbiest of quayside café waiters served up coffee and small talk in the languages of three continents. Now, her schoolmates are gone, scattered to the ends of the earth. Like a handful of others Christina stays on, her head full of the cabaret songs of her youth. It is too late now, she says, to go anywhere else.

■ ■ ■

Mohammed, too, knows phantom Alexandria. An architect, he has welded his own life to the life of the city. He is a distillation of its past, a product of marriages between Greek and Egyptian grandparents, a Moslem who attended a Christian school, an African who borrows ideas and attitudes from around the world.

He is forever busy with a dozen projects, but it is no accident that his greatest sense of architectural duty lies in preserving Alexandria's old buildings. In attempting to save them from decay and destruction, he sees some way of saving himself.



Alexandria's corniche, one of many fine shots in Egypt From The Air, by Max Rodenbeck and Guido Alberto Rossi, published recently by Thames and Hudson (£25)

I met Mohammed for dinner one night in a restaurant overlooking Stanley Bay, on the sea-front Corniche. The meal lasted until midnight, the talk very much longer. The real Alexandria, he wanted to convince me, is not so very far removed from the Alexandria of the imagination. At 2am, we set out so I could see for myself.

Perhaps it all worked because no city seems entirely real at that time of night. We drove through silent, deserted streets half-lit by weak and occasional lamp standards. The crowds, the noise, the grime, the distractions had disappeared.

In the dark, modern Egypt was minimised – the kebab shops, bazaar stalls, rubble heaps and weary housing blocks faded into obscurity. What emerged from the gloom in their place, animated by Mohammed's vision and enthusiasm, were a thousand splendid faces from Alexandria's past.

We gazed at formal Italianate residences, their facades, dirty and blotched by day, now new and unsullied again under the obscuring cover of night. We drove past fussy neo-Gothic follies, around the smooth rotundities of art deco villas, under the complex wrought ironwork of art nouveau – all repaired by the night's blurring sleight-of-hand.

Porticoes, pediments, columns, caryatids, pilasters, friezes – across the city, darkness smoothed over the damage time had done them. Alexandria was given new life.

Finally, very late, in the old Jewish quarter of Moharem Bey, we stopped outside a house. A chain and padlock held together a rusty iron gate. Inside, I could make out neglected and un-pruned date trees, a sweeping stairway overgrown with creepers, a tiled balcony where dead leaves swirled in the night wind. Behind rose a dark house and tall tower. What is it? I asked Mohammed as he switched off the ignition. Durrell's old place, he replied. We sat gazing at the house for a long moment.

Durrell, of course, was not telling the whole truth – no artificer does. Ignore the bathing, the French restaurants and the other blowsy attractions and there is plenty to see in this city. Of phantom Alexandria, you make what you will.

■ First published last year, *Egypt: A Traveller's Anthology*, by Christopher Pick, is now available in paperback (John Murray, London, £11.95).

TRAVEL

Strange beauty of a stark land

***David Pilling** visits the fragile, cruel desert of the Skeleton Coast*

PARTS of Namibia's Skeleton Coast are so ecologically fragile that Land Rover tracks take hundreds of years to heal. In the desert heat a discarded banana peel does not rot, but shrivels and ossifies.

If man's presence threatens to scar the region, the Skeleton Coast pays back in kind. The area owes its name to the innumerable shipwrecked sailors who lost their way in milky Atlantic fogs and found themselves abandoned to the grit of the great Namib desert. Bleached bones and hulks of galleons bear witness to their fate.

These days the area is a national park, a sliver of coastline stretching hundreds of miles from Cape Cross to the Angolan border. The northern section has been declared a wilderness area; not a road, not a house, not a car nor a train disturbs its bleak silence.

On my visit I flew with Louw Schoeman, the region's sole concessionaire and self-appointed environmental guardian. To do so is to join a privileged set comprising only a few hundred people a year. Our group of eight left Windhoek's Eros airport in two light aircraft early one April morning. The first aircraft was piloted by Schoeman himself, a weatherbeaten Afrikaner with a mellifluous voice, silvery hair and a grey moustache. The second was flown by his son, Bertus, a shy geologist.

The flight to the desert base camp took three hours – ample time to contemplate the vastness of this arid country, four times the size of Britain but home to only 1.4m people. It is so large that an airport built in 1966 outside Windhoek has been lost. When a local gliding club asked for permission to land there, the authorities denied its existence.

Bertus rarely flew higher than a few hundred feet and often considerably lower. When he spied the strange *Welwitschia mirabilis*, he banked the aircraft sharply and swooped so low I thought I saw insects crawling over the plant's leathery leaves.

This living fossil grows only two huge leaves in a life that spans hundreds, perhaps thousands, of years. It crawls from the baked earth like some surreal spider and sustains itself, like so many plants on the Skeleton Coast, from the moisture borne by the daily fogs.

We refuelled at the resort of Swakopmund before following the coast north. As our aircraft buzzed along, Bertus casually served up a series of stunning sights.

There were lurid purple and pink salt pans; thousands of flamingos which scattered in a tumult of wings, beaks and legs; a colony of 120,000 seals lined up along the shore at Cape Cross.

We landed at Sarusas camp, some 20km inland, on a strip so rough it was almost indistinguishable from the surrounding terrain. Sarusas is the oldest of Louw's four camps. It comprises a handful of deluxe tents, a solar-heated shower unit and a wooden trestle table set beneath one of the region's rare trees. The aim is to keep the camp as unobtrusive as possible, Louw's philosophy being, as he solemnly puts it, "to bring nothing to the desert and to take nothing away."

The old Afrikaner has an infectious enthusiasm for the desert. Several times we found him lying on his stomach peering at the sand through a magnifying glass. This rather undignified exercise revealed, quite miraculously, grains of blue, green, red, white, black and yellow sand like a collection of costume jewellery.

On other occasions, Louw would thrust his wooden walking stick at points of interest. In this way he indicated the sandy covering to the trap-door spider's lair, the dust-dry lichens that bloomed into flower on contact with water, the tracks of the brown-backed hyena and the stone circles that may long ago have been bushmen's huts.

We made trips by Land Rover, across the desert's pancake-flat plains or over its stark lava rocks. It was on one such occasion that we came upon the "roaring dunes."

The Namib is scattered with all types of dunes. Some of them march (up to 15 metres a year), some are streaked blood-red with garnet, some are mountainous. Only the roaring dunes roar.

At first, the sight of Louw sliding down the near-sheer surface of the sandy crest caused me some bewilderment. But, as he disappeared far below, the ground started to buzz, hum and finally to thunder. It was like the roar of B-52 bombers rumbling overhead. The friction between the bone-dry grains of sand was being amplified in the sickle-shaped dune as though the rim of a giant wine glass was being rubbed by an unseen hand.

The roaring dunes were not the only wonder of the world's oldest desert. There were also the "waterfalls" of pure sand, the desert zebra which somehow eked out an existence and the yellowish clay "temples" of the Hoarusib canyon.

The latter, formed perhaps 30,000 years ago from the silt deposits of a long-dried-up river, had an extraordinary man-made quality. Many were symmetrical pharaonic-type structures; others took on the shapes of huge stone heads, fortresses with yawning doors and windows, or columned palaces with gargoyles leering over balustrades of clay.

It gave the eerie impression that this was some long-abandoned city or that hidden inhabitants were peering at us from the cavernous interiors of its gargantuan structures.

Louw maintained this level of spectacle on each of our five days in the desert. We flew to two further camps, one on the ghostly coast at Cape Frio, the second perched above the black Kunene river which glimmered like sheet metal as the sun set over the Angolan border.

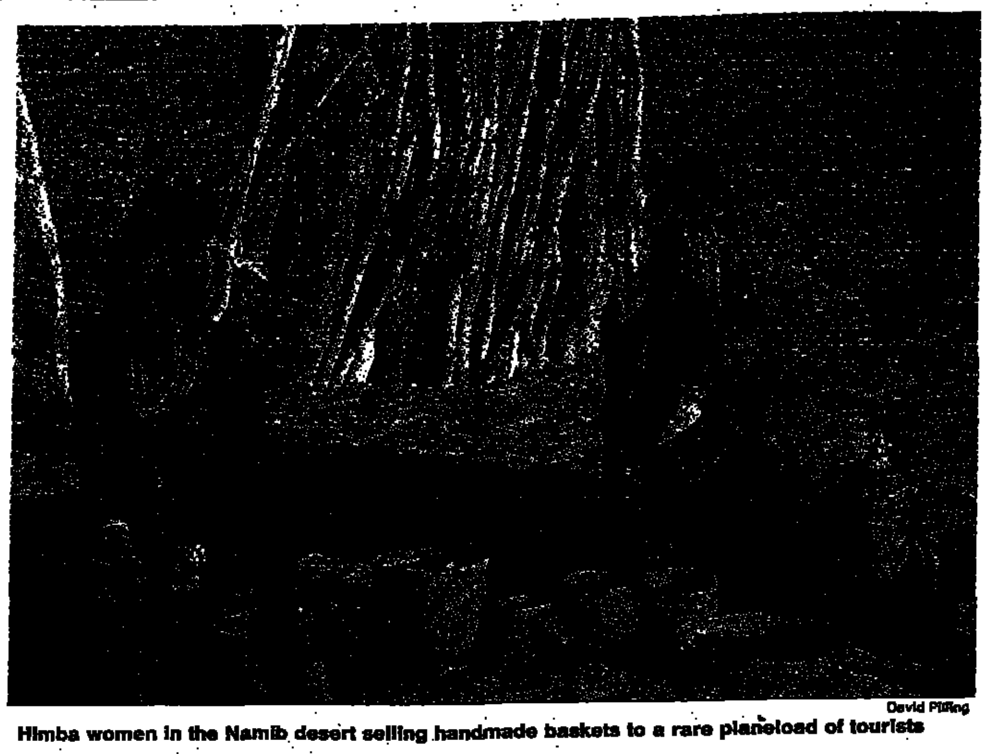
Once Louw flew us to meet some of the Himba cattle herders involved in his conservation efforts. The region used to be home to many desert elephant and rhino but most were butchered during Namibia's civil war. Now numbers are slowly beginning to recover.

The Himba, whom Louw pays to elect game wardens, have lived an isolated nomadic existence for centuries. When they came into contact with whites last century, some adopted Victorian dress which they have worn ever since. Others did not change their customs, but continued to coat their naked bodies in a beautifying and protective red dye.

We were introduced to two Himba women in Purros village. One wore a frilly Victorian dress with layers of petticoats covering her ankles. She showed not the slightest embarrassment as her naked friend smeared her own breasts with a reddish paste of goat fat in front of eight leering foreigners.

As we pulled into the air for our return journey to Windhoek, the immensity of the desert, inconceivable from the ground, again became apparent. The bulging lava flows, endless plains of black sand and interlayered rock bore out the bushmen's description of "the land God made in anger." Anger must have been one of God's most spectacular and creative moods.

■ *David Pilling travelled c/o Art of Travel (071-738-2033) in conjunction with Windhoek-based Skeleton Coast Fly-in Safaris. Art of Travel organises tailor-made holidays to Africa. The eight-day trip, including scheduled flights on BA/Namib Air and two nights' accommodation in Windhoek, cost £1,770. The company is also organising two group holidays to the Skeleton Coast, scheduled to depart October 1992 and April 1993 incorporating Etosha national park and Sossusvlei dunes.*



David Pilling

Himba women in the Namib desert selling handmade baskets to a rare planeload of tourists

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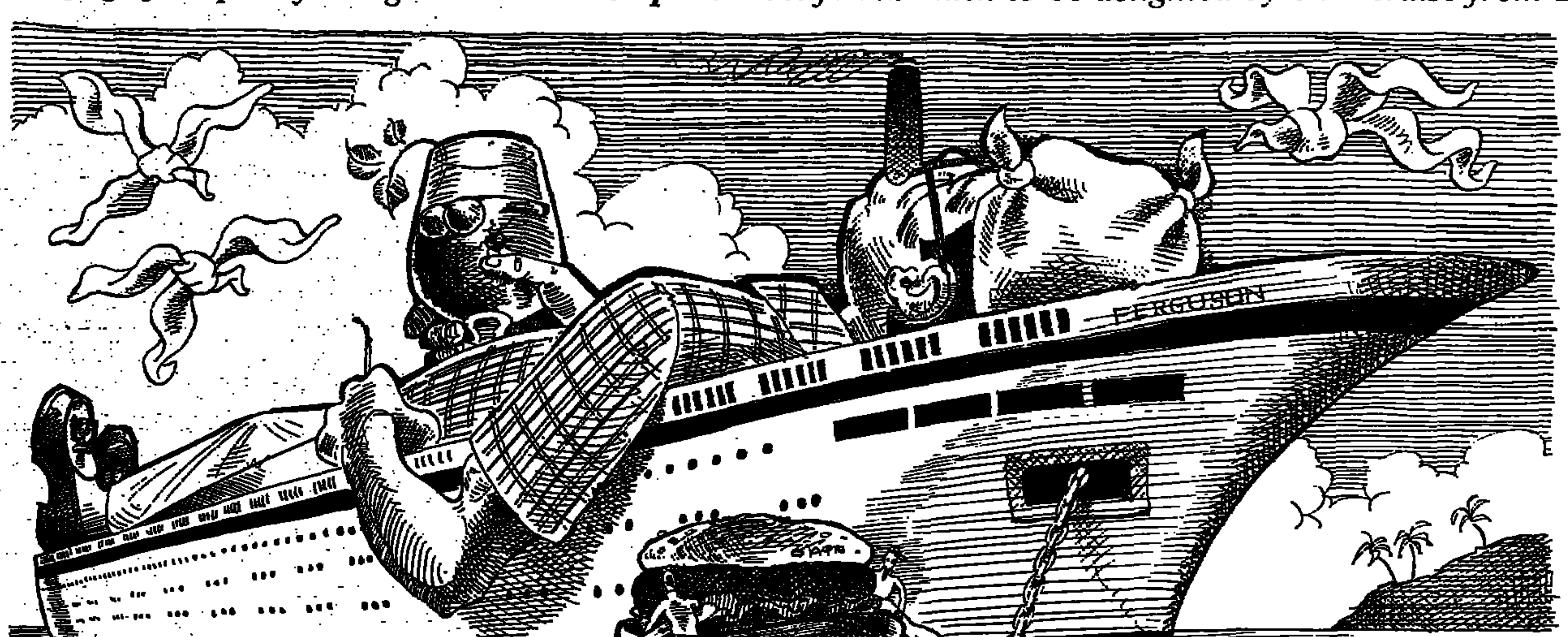
TRAVEL

Perfect pleasures for a Piscean at sea

*Aerobics, ping-pong, golf, napkin-folding: **Michael Thompson-Noel** found much to be delighted by on a cruise from LA to Acapulco*



DAY 1

IT IS 6.45am, and I am on the Promenade deck, port side, of the Norwegian Cruise Line vessel *Westward*, off Baja California, puttering glassily southward, bound for Acapulco. The ship left Los Angeles last evening.

Along the horizon, flashes of salmon and buttercup are heralding the dawn. The sea is smooth and pewter-coloured. Everything is beautiful, everything is perfect. In short, it is exactly the sort of morning that makes Pisceans sad. Pisceans are often sad; they come especially equipped for it. So to keep forlorness at bay, I have given myself a serious talking-to: convinced myself that I am exactly the sort of person for whom a seven-day cruise, Los Angeles to Acapulco, might have been invented.

The incident that set me off, that triggered my resolve to enjoy myself wholeheartedly, occured 30 hours ago in the Café LA at the Airport Hilton, where I was studying my American visa in a 17-year-old passport. As I went to close the passport I noticed, with a shock, the photograph at the front.

Talk about a mess. I had shoulder-length hair, parted like a caveman's, a smudge of designer stubble (in *1975?*), and eyes as big as dinner plates. But I seemed to be having fun. Even in the photo-booth I had found something to laugh about, some inconsequentiality that, even 30 hours ago, had made me laugh again in recognition of the person I was 17 years ago, and the person I am still: a smile on a stick.

To judge from the *Cruise News*, the good ship *Westward* offers non-stop fun. There is an interdenominational church service, all faiths welcome. Low-impact aerobics. Capt Peder Vebenstad's morning update via the public address system. Paddle tennis. Ping-pong. Shuffleboard. Coffee club. Hair and beauty demonstration. Gym instruction. Fashion show. Tour of the ship's bridge. Golf clinic. Fitness centre. Cinema. Trapshooting with an officer ($10 for ten shots, cash only). And the slot machines in the casino open at 9am with a free bloody mary for each lucky punter.

At 1pm I attend a session entitled "Napkin Folding" presented by inexhaustible cruise hostess Amanda Felts, 24, who is pretty and dizzy and has a degree in recreation from the University of Illinois. Amanda has been working on NCL cruise ships for 3½ years. There are 80 people at the session, learning how to fold napkins.

"Now," says Amanda, as I enter the dining room, "this is where the starch is gonna come in handy with your four loose ends which you're gonna pull through like *this* into a bird-of-paradise."

At 7.45pm there is a cocktail party hosted by Capt Vebenstad, followed by dinner at the captain's table. The captain is a pleasant sort, as is the chief engineer, seated on my left. Working extremely hard, I steer the conversation clear of anything to do with engines. Plates come and go. The long night unfolds. Absent-mindedly, I place my napkin on the table and roll it about a bit, teasing the loose ends into a crest-fallen bird-of-paradise.

DAY 2

Still at sea. The fun continues, though I am now seeking out the ship's quiet places so as to avoid the many ways to spend money that the *Westward* offers. Diving classes. Shopping arcade. Casino Royale. Beauty salon.

NCL claims to have pioneered Caribbean cruising in the mid-1960s by offering cruises out of Miami, then a minor passenger port, on the 11,000-ton *Sunward*. Today NCL has seven cruise ships (two more are on the way), including the *Norway* (formerly the *France*, the world's largest passenger ship), all of which cruise the Caribbean or the Mexican coast.

Built in 1972, the *Westward* is spacious and comfortable. She can take 821 passengers, though on this cruise there are 464, including 429 Americans. There is no side to these people. They are Middle America on holiday: whey-faced from their winters in Iowa, Idaho, Nebraska and New Jersey; elderly, mostly; unblinkingly Republican and doggedly unsophisticated. If you want to know how to save 12 cents on the dollar, these are the folk who will show you how.

DAY 3

Our first port of call: Cabo San Lucas, famous for sports-fishing and first-rate beaches. As I stroll around the marina, a salesman accosts me: "Hi there, Sir. Is this your first visit to Cabo San Lucas? What I'm gonna do is fill in this VIP card which entitles you to a tour of Dreamscape Condominiums. Only take an hour, Sir. Then, when you're through, I'm going to give you a $15 voucher entitling you to dinner at this real nice place – seafood, prime rib, the best joint in Cabo – just around the corner. Isn't that great, hey? Hey, man? Sir?"

Back on board the *Westward*, I glance across at a Russian cruise ship, registered Odessa, riding at anchor. Its crew has not seen home for almost a year and is said to be apprehensive.

By coincidence, I am reading the last pages of John le Carrés *The Secret Pilgrim*, the bit where George Smiley is ruminating on the new world order. "One day," says Smiley, "history may tell us who really won. If a democratic Russia emerges – why then, Russia will have been the winner. And if the West chokes on its own materialism, then the West may still turn out to have been the loser. But . . . sometimes there are no winners at all. And sometimes nobody needs to lose."

When I look up again, the Russian ship has stolen from port. All I can see is pelicans diving.

DAY 4

Mazatlan. The weather is now brilliant, the temperature nudging 80. Thirteen miles south of the Tropic of Cancer, Mazatlan is billed as the busiest port on Mexico's west coast and the first big tourist resort south of the border. Like Hawaii, it is losing the battle against US tourism, which grinds everything it encounters into popcorn and concrete.

There is one compensation, though. "Mazatlan," my driver tells me, "is famous for the beauty of its women, who win Miss Mexico more often than not." I am sure he is right. There are beauties on every hand, smouldering and pouting. Then I see a beggar-girl, with black worried eyes. I give her $5. She takes the note solemnly, inspects it, folds it, smiles like a queen. I hope she wins Miss Mexico.

Back on board, on my way to dinner, I see a fellow resident of Biscayne deck lolling in a chair by the elevator. Although the dress code tonight is formal, he is wearing purple shorts and his shirt sags open. He is holding, with both hands, an enormous pink cocktail in which things look to be swimming.

I ask him if he has cruised before. Yes, he says, this is his fourth cruise in five years. "Plus I had a side trip to Acapuk . . . Asapl . . . Acasapulco, Goddammit. I just can't stop travell'n."

DAY 5 and 6

The weather is getting hotter and the ports of call more exotic: Puerto Vallarta, where John Huston filmed *The Night of the Iguana*, and Zihuatanejo, a wonderfully sleepy spot which I am sorry to leave.

On board the *Westward*, the pace of life intensifies. The giftshop is now offering Brazilian amethysts and blue topazes at "$10 only per carat." According to the giftshop: "Stones are offered in a variety of carat sizes to enable accessorizing pendants, rings and matching earrings." It takes me such a long time to fathom that sentence that by the time I do, the *Westward* has shucked anchor once more and a gold and vermilion sunset is burning the sea.

DAY 7

Acapulco, the end of the cruise.

Before leaving the ship, I made a point of poking into various suites and penthouses, because my own cabin was only Category 8. For this cruise and cabin category, NCL's 1992 UK prices range from £1,810 (low season) to £1,887 (peak) for a two-week holiday that includes a seven-night stay at the Marina Del Rey Marriott Hotel, Los Angeles, as well as the seven-night cruise on the *Westward*, LA-Acapulco or Acapulco-LA. The cheapest cabins cost £1,490-£1,568, while suites and penthouses range to £2,401-£2,512. Fares are per person based on double occupancy.

The price includes economy scheduled transatlantic flights, the flight between LA and Acapulco, port and airport taxes, all meals and entertainment on board, all transfers and a one-day pass to Universal Studios, Hollywood. NCL also says it can organise a week's car hire in LA (unlimited mileage) from £110. Not included in the overall price are: holiday insurance, hotel meals, gratuities, tours and shore excursions. The suggested ship-board gratuities for the cabin steward, waiter, busboy and *maitre d'* total $59.50 for a week's cruise.

If you are visiting LA anyway, the peak-season cruise-only fare for Category 8 cabins (north- or south-bound) is $1,770 plus port tax of $65, ranging to $2,895 plus port tax for the top-priced penthouse.

On my last night on board, I jotted down scores out of ten for various aspects of my week's cruise on the *Westward*. They worked out like this: ports of call, 8; weather (second week of February), 9; cabin, 7; cruise staff, 8; ambience and entertainments, 7; food (which caters to American tastes and quantities), 4; value for money, 7½. The way I score, that is pretty good going.

■ **Michael Thompson-Noel** *was a guest of Norwegian Cruise Line, and flew to Los Angeles c/o American Airlines. In the UK, NCL is at Brook House, 229/243 Shepherd's Bush Rd, Hammersmith, London W6 7NL. reservations: 0800-181-560 or 071-408-0046; brochures: 071-493-6041.*

BOOKS

A treat for the senses

Anthony Curtis on the breadth of Calvino's work

WE MAY have joined the European Monetary Union but we British still have to join the European Literary Union. Reading Calvino, the great Italian writer who died in 1985, makes one realise just how isolated we are. That ceaseless effort to impose a rejuvenating literary discipline upon imaginative writing, comparable to the monetary discipline of the ERM, through a continuous examination of the nature of fiction and its relation to life, is something that has largely passed us by in Britain. Calvino was a tireless experimenter as well as being a master of narrative. His experiments benefited from the work of earlier moderns like Borges and Calvino's compatriot Pirandello, who began in the theatre the radical work of re-drawing the boundaries between life and the representation of life.

The most widely read fiction of Calvino's to show a similar concern was called in English *If on a Winter's Night a Traveller*. Somerset Maugham is supposed to have insisted that a story should always have a beginning, a middle and an end. In this book Calvino took that traditional view apart. He gives the reader a bewildering series of separate beginnings but no middles and no endings. Each narrative breaks off tantalisingly just at the point where our involvement in it has become total. Each aborted story was linked to the last by a further narrative concerning an employee of an Italian publishing house.His sets of proofs of the novels whose beginnings we read are continually getting muddled. That narrative too ended inconclusively.

It is diabolically clever, yes; but it causes one to re-think one's reasons for reading fiction. The same kind of structure of disparate narratives inter-reacting within a single frame was the intention in *Under the Jaguar Sun*, which was left unfinished at the time of Calvino's death and now appears here in its incomplete form translated by William Weaver. Calvino's widow Esther quotes a note on the manuscript by her husband underlining the importance of the frame both in painting and in fiction: "It allows the picture to exist, isolating it from the rest; but at the same time it recalls – and somehow stands for – everything that remains outside of the picture."

In this case a frame was never fitted. Lacking such a frame we have three different stories, each exemplifying one

UNDER THE JAGUAR SUN
by Italo Calvino
Jonathan Cape £10.95, 86 pages

SIX MEMOS FOR THE MILLENNIUM
by Italo Calvino
Jonathan Cape £5.99, 124 pages

of the five senses, that would have been complemented by two more stories. The title story about a couple's holiday tour in Mexico is centred on taste and has the reader salivating greedily thanks to the author's evocation of piquant Mexican dishes – but then in typical Calvino fashion the tale twists into a sinister register; the reader, to his horror, realises that what these appetisers are leading to is the eating of human flesh, the persistence in civilised society of vulturism and even of cannibalism, its significance for religion.

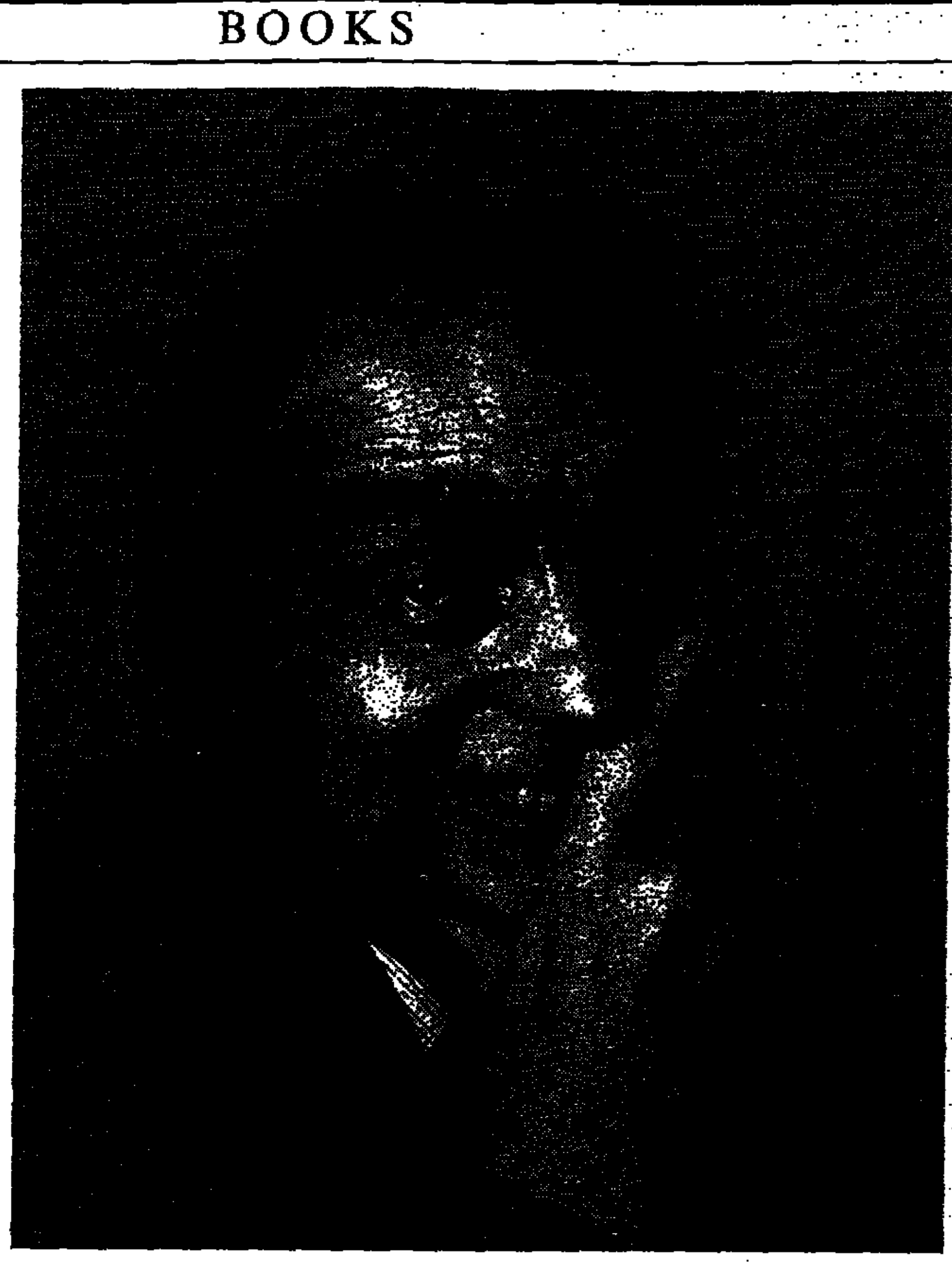
Calvino's delight in analogies between the senses is given free rein, especially in "The Name, The Nose", dedicated to the sense of smell, as he rhapsodises about "....the phials, the ampules, the jars with their spire-like or cut-glass stoppers" that weave "their network of harmonies, assonances, dissonances, counterpoints, modulations, cadenzas..." But here again Calvino moves from the arousal of olfactory pleasure to the ominous chill of mortality in the pungent odours of decay.

The third tale, "A King Listens", where the advance of the narrative is restricted to the description of sounds, extraneous noises heard by a monarch isolated from the outside world on his throne, has previously made an impression in London via Luciano Berio's opera *Un re in ascolto*. This was memorably performed in 1989 at the Royal Opera House. In acknowledging the opera's debt to Calvino, Berio unveiled an example of the way the European Literary Union works in practice. It was a passage from Kafka's *Diaries*, quoted by Roland Barthes, that inspired Calvino that inspired Berio. Add W.H. Auden speculating poetically on *The Tempest* and Shakespeare and you have the complete list of of the work's progenitors.

It is a similarly vast casting of the net across several major language barriers in the European complex that distinguishes Calvino's last work, *Six Memos for the Next Millennium*, translated by Patrick Creagh. These are the texts of what would have been Calvino's Charles Eliot Norton Lectures at Harvard in 1985. Only five of the Memos had been written at the time of his death; no doubt he would have revised them further before publication but the substance of them is eloquently present here and they make a fitting coda to his career.

They affirm his passionate belief that literature will survive and flourish into the next millennium because of its superior powers of communication over all other media. Calvino expounds some of the unique powers of literature under the headings Lightness, Quickness, Exactitude, Visibility, Multiplicity. Explaining the last of these, Multiplicity, Calvino cites the Milanese novelist Carlo Gadda, in whom a work of fiction became a repository of encyclopedic knowledge; from there Calvino leaps to the Austrian Robert Musil's *Man Without Qualities*, to Flaubert's *Bouvard et Pécuchet*, to Perec's *Life A User's Manual*, a modern work demonstrating multiplicity for which Calvino had the highest regard.

Taken together these *Memos* are a delightfully stimulating holiday from more mundane reading; they represent the literary equivalent of a leisurely cruise down one of the main European waterways with an erudite, enthusiastic guide aboard communicating his passionate enthusiasms as the ship glides by some of the more curious edifices of past and present.



A 1983 portrait of Italo Calvino by the great American photographer Irving Penn, taken from a collection of his work dating from 1938 to today – 'Passage: a work record' (Jonathan Cape £60).

FT children's book of the month
Abduction by swans

WRITERS of fantasy for children often lay down their themes with all the tact and delicacy of a constable in heavy boots. Children seem easy prey, being young and gullible; the silliest notions can get past them if there is a limitless cast of witches, fairies and boggle-eyed monsters.

In fact, the reverse is true. Children are remarkably astute judges of the limits of truth and falsehood, and the best children's fantasy, whether written by the likes of an Alan Garner, a Philippa Pearce or a C.S.Lewis, is always firmly rooted in a recognisable moral universe and takes as its starting point the real world in which we all live. The fantasy may hold up a weird, distorting mirror to our reality; but without that reality, the writing will remain rootless, ineffectual and, ultimately, boring.

Annie Dalton is a prolific author of fantasy for younger

SWAN SISTER
by Annie Dalton
Methuen £8.99, 122 pages

and older children – an earlier book, *Night Maze*, was shortlisted for the 1989 Carnegie Medal – and her new novel, *Swan Sister*, explores profound themes in a pleasingly unpretentious style. Ellen and her mother move from London to the east Suffolk coast in order to realise a dream that her mother has long cherished: that of creating a perfect home in the secret, magical place where she herself had lived as a child. It would be a return to paradise.

Unfortunately, her daughter Ellen feels unhappy from the start. She senses that this is not so much paradise as "the shining edge of the world". Would it not be all too easy to fall over that edge and be lost forever? A number of factors contribute to her growing sense of unease: the American jets that scream through the summer sky; the power station that casts its shadow over the little estuary town nearby; and, worst of all, the strange call of the wild swans – "Swa-swa..siss swa siss" – that seems to come bearing warning messages.

A new baby is born, Lily, and Ellen's mother prepares a room for her in their cottage that seems to resemble a magic grove. But is it a *friendly* place? Ellen thinks not. The new baby behaves oddly; she is curiously self-absorbed and, when she grows, seems unable – or perhaps unwilling – to communicate with other people. And when the baby is christened, the swans fly over the church, calling, calling, and Ellen becomes increasingly convinced that this odd child belongs in some way to *them* and not to the family. She is a child of nature. Matters are made much worse by the gradual breakdown of her parents' marriage, and Ellen's discovery that her father was partially responsible for the creation of the power station that is contributing to the destruction of the environment.

On the night of the child's third birthday, the swans abduct Lily. They had warned Ellen this would happen, but she had never dared to tell. After all, who would have believed her? In the company of her only friend, Misha, she borrows a boat from Marsh Mary, a woman regarded by the locals as crazed because she cares for – and talks to – nothing but birds and animals. Ellen and Misha make many trips into the marshes, searching, searching for her lost sister. They even hear the sound of Lily's voice calling to them – but the swans tell Ellen that the time is not ripe for her rescue. That does not happen until the day that Ellen's father returns from London and the family is reconciled.

Why do the swans abduct the child in the first place? To compensate for the loss of their own children? Or is it because Lily is a star-child who, belonging to the visible *and* invisible world, understands their language? Or could it be a way of punishing the human beings for desecrating their natural habitat? All these possibilities are explored.

The novel moves with remarkable ease and sureness from the world of human pain and unhappiness to that of the supernatural. The characters of Ellen and her mother are utterly convincing; the language is that of real human beings in pained conflict with each other; their motives are explored with great tact and delicacy.

Michael Glover

When 'Matador' missed the bus

JUST 50 years ago this month the British imperial garrison at Singapore surrendered to Japanese forces, after a mere two months during which Malaya had been invaded and Churchill's "fortress" besieged. Although these tragic events may pale by comparison with "the day of infamy" at Pearl Harbour on December 7 1941, they should, after half a century, be remembered and studied by anyone who wishes to know why the British Empire of the East utterly collapsed. The consequences of that collapse (and somewhat illusory post-war recovery) are with us today.

Sir Andrew Gilchrist was an experienced eye-witness of Japan's preparations for war. He was in Singapore as Nemesis approached. He is a careful student of the British Government's hapless search for appeasement or deterrent. Now he has written an account of the all but insoluble strategic problems, confusion at the command level and, above all, collapse of morale – indeed, often sheer absence of it – which is to be commended for lucidity and for that rare ability to see events as they overwhelmed participants at the time, not as they appear by the light of retrospective wisdom.

The fundamental causes of British defeat at the hands of a race which even quite enlightened Englishmen regarded as inferior – and certainly unable to handle ships and aircraft with the skill of the Royal

MALAYA 1941: THE FALL OF A FIGHTING EMPIRE
by Andrew Gilchrist
Robert Hale £15.95, 185 pages

Navy and Royal Air Force – were not only the absence of strategic resources in the Far East but a lack of will to fight intelligently, boldly, or stubbornly with those which were available or had been sent reluctantly, and belatedly, by the War Cabinet in mid-October 1941. By this date two stark factors could no longer be ignored in London: Japan was bent on war; Roosevelt would not keep "that Japanese dog quiet" – as Churchill had asked him to do in May 1940 – and would certainly not help defend British Asiatic interests until the balloon actually went up.

Impaled on the horns of these dilemmas, the British commanders – of whom the most senior, air vice marshal Sir Robert Brooke-Popham was an elderly dugout, intelligent but indecisive – advocated a pre-emptive operation (MATADOR) into Thailand at one moment, rescinded it the next, then finally abandoned it but then concocted a provisional warning order for moving forces to the Thai border on December 6. That day Japanese forces were sighted at sea, clearly bent on invasion. MATADOR had missed the bus: immediate defeat was followed by collapse, redeemed by much gallantry, sometimes by the least experienced troops, but leading to an inevitable, humiliating fate.

Sir Andrew describes this melancholy affair in language which evokes Somerset Maugham: Britain's Asiatic empire was not much to be proud of, and when the yellow peril finally struck, headlong flight (for "Whites only") became a dominating emotion. Such cruel revelation of imperial decay was however redeemed not only by those who fought on, but by two acts which deserve a salute today: Prince of Wales and Repulse, sailing to their inevitable doom thanks to lack of air cover, and Sir Shenton Thomas, governor of the Straits Settlements. He, with his wife, stayed at his post to endure with those who didn't get away "four years of miserable captivity".

Sir Andrew cannot match Arthur Marder's Homeric narrative of the last voyage and heroic death of Prince of Wales and Repulse, but he does remind any reader with sensibility and imagination that, futile and horrible although war always is, courage survives to sustain even forlorn hopes. By the same token Sir Shenton, quiet, stolid, resolute, ensured that those left behind in Singapore shared their captivity with a Governor moulded in an older, honourable tradition.

Anthony Verrier

Fiction

Modern day fairytale hits stormy weather

AS YEATS said, works of art beget works of art. All literature builds on what has gone before, but a specifically and self-consciously derivative tradition has yielded in recent years some of our most original drama and fiction. There would be no *Rosenkrantz and Guildenstern Are Dead* without *Hamlet*, no *West Side Story* without *Romeo and Juliet*. Jean Rhys's extraordinary *Wide Sargasso Sea* is based on *Jane Eyre*, David Lodge's *Nice Work* on the Victorian condition-of-England novel, and now Marina Warner's *Indigo* offers two interlocking plots, both replays of *The Tempest*.

In London from the 1940s to the 1980s, Miranda and her younger aunt-sister, Xanthe, grow up in the colonial Everard family, whose ancestor, Kit, settled a Caribbean island in the 17th century. Their story is told as a contemporary folk

INDIGO
by Marina Warner
Chatto & Windus £14.99, 402 pages

tale. Xanthe at her christening receives the gift of heartlessness from a fairy godmother, while Miranda is plagued by guilt and obsession with her Creole inheritance. Their lives are a parable on the benefits of heartlessness *v* feeling, being loved *v* loving, ignorant content *v* self-aware torment. What is happiness? Love? A good childhood? Hundreds of novels ask these questions, and Marina Warner gives her own answers as well as many.

From Miranda's concerns comes the subplot, the first Kit Everard's exploitative relationship with the islander-characters remodelled from *The Tempest*. The witch, Sycorax, is a benign magician; a feminist Prospero; Ariel, her daughter, becomes pregnant by Kit; Caliban, renamed Dulé, is a heroic resister to colonial expansion.

Anti-colonialist productions of *The Tempest* have been fashionable for years, so Warner's approach is not new here. More innovative is her attempt to rework the play in the context of other fairy tales, mostly about women's roles, expectations, oppressions, position as icons. The novel is thus of interest as a continuation of her work as cultural historian in books such as *Alone of All Her Sex*, about the Virgin Mary cult, and *Monuments and Maidens*.

Join the rich, artistic and magical transformations of *The Tempest* with this intellectual background, and the result should also be a heady literary brew. I wanted to enjoy it, but I stuttered over every cliché-ridden and symbol-drenched page. *Indigo* is a trite family romance dressed up in a breathtakingly pretentious mythical outfit and so overladen with academic baggage that it barely moves or develops as fiction.

Inevitably, the density of multiple stories urges Warner towards theory and schematic writing. Links and parallels are far too obvious – Miranda has a child by a Caribbean actor playing Caliban, so matching Ariel and Kit; 1980s island freedom fighters recall 1600s native insurgence. *Tempest* images are gauchely plundered: "He has already learnt to curse" (Caliban-Dulé); "I join the air, the sky, the water, the heat" (Ariel); "She wasn't living inside one of Shakespeare's... late plays with their magical reconciliations," just before Miranda is reconciled with a lover.

In trying to recreate the play's magical strangeness, Warner overstates her case, mixing schoolgirl lushness ("her cinnamon tawniness," "shining black eyes like licorice"), travelogue lyricism and anthropological invention. But an account of the island's linguistic history (ten words for the wind in the palms) and Indigo-making traditions dotted with Shakespearian, even Chaucerian, words like "swive" does not impose an alternative fictional reality. Warner simply does not have the imaginative vision to create an incandescent other-world that makes you ache to be there, like, say, the Egypt in the exotic subplot of Penelope Lively's *Moon Tiger*.

Only where she tries less hard – descriptions of smoggy, deprived 1940s London; the Knokke convent where the lapsed Mrs Everard goes to regain her soul – does the novel convince. But even in the contemporary fable Warner can't resist drumming the message home. "It was Xanthe rather who was to be pitied: she did not know highs and lows or heat and cold but only the tepid no man's land in between": the emphasis, the odds, are so weighted towards Miranda, naughty little rich girl typical of the "liberated" heroine of recent fiction, that it is tempting to be drawn instead to unfashionably repressed Xanthe.

The dogmatism is fatal. Myths and fairytales last and work because they answer deep, timeless needs and desires; the same tales can provide a range of consolations and inspirations for different people. The stories and island myths which Marina Warner invents here have only contemporary resonance; their intellectual intention is too strident for her readers' own imaginations ever to take flight.

Jackie Wullschlager

Dredging up Dreyfus

FRANCE IN the 19th century seemed a promised land for its Jews. At the time of the revolution in 1789, the majority of French Jews had lived in Alsace. Here they were barred from living in the largest cities, their occupations were strictly limited and they were subject to special taxes.

These discriminatory laws were swept away with the old regime. In 1791 Jews became citizens, equal with all other Frenchmen. More than this, the progress of French commerce and industry opened opportunities for Jews possessed with ambition and armed with cash.

Generations of the Dreyfus family had both. By the 1870's, the family's position was secure enough for Alfred to forsake commerce and devote himself to his country. He joined the army in the wake of France's military humiliation in the Franco-Prussian war. There he pursued the revolutionary promise of a career open to talent.

But if 19th-century France was good for the Jews, some people wondered whether the Jews were good for France. Parisian shopkeepers and small businessmen were threatened by economic depression in the 1880's. Catholic control of education was attacked by anti-clerical republicans. Anti-Semites encouraged both groups to attribute their misfortunes to the corrupt and Jew-ridden conditions of life under the Third Republic.

The Jewish conspiracy appeared to be confirmed in 1894. Alfred Dreyfus, the Jewish super-patriot, was disgraced as a traitor. His alleged crime was selling military secrets to the German government. Dreyfus's trial was accompanied by a campaign of anti-Semitism. His guilt was arrived at by a process that combined conspiracy, prejudice and blunder. But five years later, thanks to the efforts of his brother Mathieu and the honesty of isolated French officers, Alfred was set free.

The Dreyfus Affair crystallised the opposing forces in French political life: Catholics and anti-clericals, monarchists and republicans, socialists and the military, battled over Alfred's fate. Their hopes and

DREYFUS: A FAMILY AFFAIR 1789-19 45
by Michael Burns
Chatto & Windus £20, 572 pages

THE JEW ACCUSED: THREE ANTI-SEMITIC AFFAIRS 1894-1914
by Albert S. Lindemann
Cambridge £24.95, 311 pages

fears for France were poured into the man.

Historians have followed contemporaries in preferring Dreyfus the symbol to Dreyfus the man. Michael Burns redresses the balance. He has written an account not only of Alfred Dreyfus but of his family as it rode the vicissitudes of French history between revolution and liberation.

Half a century after Alfred was first accused, his granddaughter Madeleine, a worker in the French resistance, perished in Auschwitz. Burns wants us to find in the Dreyfus case a training ground for the more deadly assault on the French Republic and Dreyfus's descendants perpetrated by the Vichy regime. But the contrast between Madeleine's fate and Alfred's underlines the differences, not the similarities, between the circumstances they confronted and the choices they were offered.

This contrast is reinforced by Albert Lindemann's stimulating study of *The Jew Accused*. Apart from the Dreyfus Affair, Lindemann focuses on two other trials before the First World War in which Jews were falsely accused of terrible crimes. In Kiev, Mendel Beilis was charged and acquitted of the ritual murder of a Christian boy. In Alabama, Leo Frank was lynched in the belief that he murdered a young woman who resisted his sexual advances.

In view of his subject matter Lindemann's optimistic conclusions are surprising, but they are also convincing. He is at his best on the Dreyfus Affair. For as he says, what is most significant is that Dreyfus was released, pardoned and, finally, vindicated. The Affair culminated with the forces of anti-Republicanism and anti-Semitism in defeat and disarray.

David Feldman

Investigations into the nature of cruelty

THERE IS a good story at the centre of *Sacred Hunger* about a spontaneous mutiny aboard a slave trader in 1752. The mutiny is led by the ship's doctor and a French passenger, who run the ship aground on the Florida coast and set up a utopian community in which black and white live together in freedom and equality. Running concurrently is a duller-than-ditchwater account of the tribulations of the shipowner's son, Erasmus Kemp, whose prospects are ruined by the apparent loss of the ship. His father commits suicide, Kemp is forced to break off his engagement and spend the next 12 years recouping his fortune in the sugar trade. When he hears rumour of the colony it is no surprise that he sets out to destroy it.

Rousseau triumphed over Hobbes shortly after the events described here, and nowadays we all believe that the slave trade was an abomination and that the profit motive must be tempered by humanity. Profit, says the Frenchman, playing devil's advocate, is "that sacred hunger which justifies everything, sanctifies all purposes". Kemp is so obviously a prig and moral coward from the very start that the attempt to make him represent that argument, which is the interesting one from our point of view, is doomed to failure. It

SACRED HUNGER
by Barry Unsworth
Hamish Hamilton £14.99, 630 pages

MOTHER COUNTRY
by Elisabeth Russell Taylor
Peter Owen £14.95, 167 pages

SEPARATION
by Sally Emerson
Scribners £14.99, 248 pages

does not help that the author chose to write the Kemp chapters in a strange pastiche of 18th-century prose, complete with circumlocutions and lengthy generalisations.

This is a pity because the shipboard sequences contain vivid vignettes of the resilience of the press-ganged crew and their daily struggle with brutality and humiliation. Neither Kemp nor his adversaries, the ship's doctor and the Frenchman, ever come to life in the same way. These gentlemen are merely mouthpieces for familiar arguments about the nature of greed, corruption and cruelty.

As an investigation of the nature of cruelty, Elisabeth Russell Taylor's novel is altogether more effective. The term "child abuse" takes on a whole new meaning after reading this account of one such victim. One of the terrible things about cruelty is its unpredictability, as we see here.

Antonia is born in 1930 to a wealthy aristocratic Englishman and a German-Jewish mother. Their reasons for tormenting her are complex, so much so that she spends the rest of her life trying to understand them. Only their friend, Walter, makes her childhood bearable, and at 21 she leaves home and becomes his lover. After Walter's death, the novel, along with his heroine, turns decidedly weird. It comes as a shock that Antonia, who has never shown any interest in her Jewishness, should suddenly decide to emigrate to Israel. "I have discovered my identity: I am a microcosm of my race." Less than 20 pages later Antonia is dead, but those 20 pages leave the reader reeling, from a combination of admiration and outrage and perplexity that only a very fine quality of writing can provoke.

After that it was hard to take Sally Emerson's story of nanny-trouble among the chattering-classes seriously, but I must admit I could not put it down, partly from wide-eyed wonder at the total awfulness of all its characters. Can people really be this self-centred and superficial? Is anyone really supposed to believe in the outrageous coincidences that propel the so-called plot?

Alannah Hopkin

ARTS

Off the wall/Antony Thorncroft

Musical agents strike up a band

A FEW years ago some of the world's leading classical soloists and conductors rarely appeared in London: the fees offered were beneath their dignity. They still are, but sweeteners from sponsors, and promotional money from record companies, has helped entice them over. Now it is the world class orchestras that are leaving London off their visiting ist.

The musical audience in the capital is too satiated with product; too conservative in its taste to give the orchestras the welcome they feel they deserve. Recent concerts by the star orchestras of Berlin and Vienna were not the box office sell outs confidently anticipated, perhaps because seat prices touched £60. And foreign orchestras, which usually lose money from touring and only do it to acquire prestige at home, are pulling in their horns in face of the global recession, and staying quietly put.

This is posing problems for musical agents in London, six of whom are defying convention by merging their personal interests into the London International Orchestral Season at the South Bank from April. Six orchestras, ranging from the Chicago Symphony to the Novosibirsk Philharmonic from Siberia, are being promoted as a package of which 660 subscriptions were sold in the first two weeks.

Basically each agent is organising the trip by its tied orchestra and contributing to the marketing costs of the £500,000 venture. The interest generated by a "series" means it is worth taking the financial risk of bringing over an orchestra like the Philadelphia which has been absent for years. The South Bank, which loves seasons, is making its financial contribution. The avid concert goer who takes in all seven concerts (the Chicago plays twice) pays out £168.75p but saves 25 per cent on the full price.

There could be another reason why foreign orchestras are no longer guaranteed box office hits in London: the playing of home based orchestras has improved enough to satisfy the concert going audience.

*

It is an open secret that Bernard Haitink will not renew his contract as musical director of the Royal Opera House Covent Garden when it expires at the end of the current season. Unlike his predecessors, Sir Georg Solti and Sir Colin Davis, he has scarcely hogged the podium there – this season he has confined himself to two *Ring* cycles and *Don Giovanni*.

Jeremy Isaacs will need all his powerful persuasive skills to nab a proven successor. The obvious candidate for one of the biggest jobs in the music world is Claudio Abbado, but after a battering at Vienna and only recently arrived at the Berlin Philharmonic, he may not relish the additional politicking involved at Covent Garden – to say nothing of a possible period of closure if the House finally gets its redevelopment money.

With associate musical director Sir Edward Downes proving his skills with the Italian repertoire in last season's revitalisation of Verdi's *Attila*, Isaacs could well seek a German expert. High on his list must be Christoph Dohnanyi, who has enjoyed some good evenings in the Garden pit and is booked to conduct the new *Flying Dutchman* in June. Covent Garden's artistic administrator Peter Katona used to manage von Dohnanyi in Germany.

The main problem could be the orchestra, which finds him authoritarian. But perhaps they need a little discipline.

*

The arts are unlikely to feature prominently in the budget on March 10 but there are reports that it may contain additional money for the Foundation for Sport and the Arts, raising its honey pot from £60m a year to £100m. The Foundation is the device by which the pools companies delayed the arrival of a national lottery, which would badly hit their income. The Treasury is fond of the pools promoters – and the revenue from the betting levy – and is anti-lottery. It came up with a scam by which it cut the betting levy by 2.5 per cent in return for which the promoters coughed up £60m to give to needy causes in sport and the arts.

Rather surprisingly the scheme has worked and dozens of arts companies have received up to £500,000 since last autumn from the £20m which the Foundation earmarks for the arts. Soon over 30 organisations will hear good news as the Foundation has a spending binge before its financial year ends in April. Much of the money goes into building projects, like the £500,000 for turning the Empire in Edinburgh into an opera house, and the £500,000 to shore up the Theatre Royal Norwich. But education and touring are also favoured. Proposals for a national lottery will still appear in the Tory Election Manifesto, but if there is more money for the Foundation in the budget there will be no rush to introduce a lottery whatever party forms the Government.

*

Bonhams may be by far the smallest of the four London based auction houses but it is probably the only one that has made a profit in the past year. It is currently looking for new markets which take up little space and provide a useful contribution to turnover and it will shortly hold auctions of coins, miniatures and icons. In 20th century ceramics it already leads the field. It is also considering holding sales of bogs, and in April will take big time auctioneering to Jersey.

Bonhams also intends to get back into wine. It stopped holding sales over a decade ago, but the country is currently awash with the stuff and hotels, restaurants and wine shippers desperately want to offload wine to pay off their debts. The best vintages will be sold at auction, but Bonhams is considering selling wine by tender from regional centres.

It would be a novel move for a saleroom, but in line with the current attitude of anything goes. The traditional auction business has been so quiet lately, especially in the main rooms of Sotheby's and Christie's, that there is time to pursue initiatives. This week Sotheby's linked up with Page and Moy to organise a series of country hotel weekends full of antique talk, while Christie's is playing host to a series of evening seminars sponsored by the *FT*. Starting on March 16 they lead you gently through the auction world. Details from Nigel Pullman at the *FT*.

How Britain wrestled with the sumo factor

Patricia Morison looks back at the success of the Japanese Festival

"OUT OF the gourd comes a pony" is a Japanese proverb for something pleasant but extremely unlikely. The Japan Festival, which finally ended this month, was the most ambitious attempt ever to introduce one country to the culture of another. So much was often stated during the Festival's duration, eight remarkably successful months. Less clear was the resemblance between it and the proverbial pony: the Festival was a rabbit which nearly did not make it out of the bat.

The Festival was not an exercise in Japanese cultural diplomacy. It was a British initiative, growing from an idea mooted in 1986 by Martin Campbell-White, chief executive of Harold Holt Ltd, a firm of international concert promoters.

Initial plans were for ten or so events in London. Sir Peter Parker became Chairman, and it was decided to link the Festival to the centenary of the Japan Society in 1990. More significantly, the Festival was then planned as a nationwide event. Management costs were initially estimated at about £900,000, with Midland Bank as the founding sponsor.

"The Topsy effect set in", recalls Graham McCallum, chairman of the steering committee. The Festival grew as more and more venues and events were suggested. In December 1989, the Festival's fate hung in the balance. Projects were already beginning to roll. Plans to bring events such as sumo wrestling to Britain were obviously going to be inordinately costly. But there was still no secure sponsorship.

The atmosphere was tense. "Recent disasters like the Commonwealth Games in Edinburgh were always in the back of one's mind", says McCallum. Many companies turned the committee down, asking why the Festival was not sponsored from Japan.

The Japanese, however, at that stage did not want a big festival. "They could not see why they should concentrate so much effort on the UK," says McCallum. The saviour of the Festival was Sir Ian Hunter, doyen of festivals. He suggested the committee should go for core funding, boldly asking UK companies with Japanese interests to pay £20,000 into the Festival – a figure upped to £50,000.

The 25 "Festival Benefactors" would get nothing obvious in return for their largesse beyond their names on a list. But in Japan, they would be seen to have made a commitment to taking Japanese culture seriously, rather than just seeking commercial advantages. Would they bite?

Inchcape plc and S.G.Warburg plc were approached first, and agreed. The ball had started to roll. The fundraisers' luck was extraordinary and may well prove unrepeatable, at least for the foreseeable future. According to David Barrie, a Festival director, "If the search had started even two months later, we wouldn't have made it." If the Gulf war had lasted a month or so longer, the Festival could have been scuppered by Japanese companies pulling out.

Press coverage more favourable than the organisers had dared hope also proved to be crucial. Simultaneous fundraising in Japan was much slower to take effect. "Three-quarters of the way through the Festival, the Japanese suddenly realised how much impact it had", recalls McCallum.

In the event, hundreds of Japanese companies contributed, rewarding the efforts of a committee chaired by the formidable Shoichi Saba, former head of Toshiba. Saba had his initial doubts. "Some Japanese companies were afraid that contributing to the event would reinforce the image of Japan being an economic animal. A fear of the festival being dubbed as a 'cultural invasion' and linked to the increase in financial and economic activities of Japanese companies in the UK did exist among some companies."

A number of Japanese sponsors doubted the Festival would work, but gave all the same. How would the British public respond to kabuki or bunraku? Or sumo wrestling? Many Japanese believed it impossible to transplant such uniquely Japanese phenomena.

Toyota commented: "We were not really expecting any direct results from sponsoring the festival". At Hitachi, scepticism was based on the Japanese public's lack of interest in the 1990 British festival in Tokyo. Nonetheless, Hitachi went ahead with sponsorship of the sumo tournament at the Albert Hall and was comfortably surprised by by the response. "The 'Sumo fever' was amazing, and we feel we contributed to cultural understanding between Japan and the UK."

Shoichi Saba, too, did not reckon with the sumo factor. "I was surprised by the enormous popularity of sumo. I did not expect such an interest in it in the UK."

A final verdict on the Festival makes little sense. It was, quite simply, too vast. Two opinion surveys conducted in the course of the Festival, one by the Anglo-Japanese Economic Institute, indicated a favourable response and a good level of public awareness. In the end, however, it was not the robots, the lady lute-player in the Orkneys, nor even those glassy-eyed medieval abbots in the British Museum, who proved the most eloquent ambassadors for Japanese culture. It was the giants in pinnies, parading around the Albert Hall.

The visit of the 68 wrestlers – plus an entourage of another 60 people, hairdressers, judges, and the like – cost well in excess of £2 million. But Campbell-White has three sponsors anxious to back a second visit. The Japanese pony will not come out of its gourd again, that much is sure. But at least, come autumn 1995, there is a chance that the gourd will yield us up those magical fat men.

Scene from 'Time spent in the company of bad people' Alastair Muir

Dancing up the wall

Clement Crisp reviews V-Tol's contribution to Spring Loaded

THE DANCE images proposed by Mark Murphy in his choreography are linked with the idea of Vertical Take-Off in aeronautical flight, whence comes his company's title, V-Tol. Movement is reckless, daring, as bodies zoom and plummet, crash into each other or to the floor, or hang suspended from the wall that is part of the set for this new 70-minute piece at The Place. Under the engaging title of *Time spent in the company of bad people* – a promise alas unrealised, for the characters are not in the least bit wicked, merely dull – Murphy and his colleagues (Keely Mancini, Kristina Page, James Hewison) explore domestic angst at some considerable length and with no less considerable energy.

The staging, which I saw on Thursday night, is part of The Place's Spring Loaded season. Murphy's movement style is immediately gripping, and theatrically sure. Two block-like chairs and a sofa, with a sheltering wall, are first revealed to us in a series of snapshots in which the cast (who are collaborators in the dance) take up positions vertical or horizontal, cling to the wall or balance above and under the furniture, which is itself hoisted on to the wall to suggest altered vistas of reality. The effect is of shifting perspectives, or aerial shots of an interior. Murphy extracts maximum value from this before the dance proper begins and bodies are hurled at other bodies, or curl and thresh and twist in vivid brush-strokes of dynamics.

The short-term rewards are many, but the manner seem ultimately self-defeating. Unlike DV8, whose influence, if slight, is perceptible, V-Tol does not provide a coherent emotional argument for the piece. We see the two couples exercising their frustrations as if working out at a gym, and we see them copulating – twice, which seems to exaggerate the value of coition as a relief from boredom. But we do not see V-Tol's dance extending into a more expressive language. It may be that Murphy's point is that marital despairs are exactly so because of their lack of any variety or horizon, and the deadpan bravura of his cast stresses this. But the piece, which begins well, and has so sharp a physical edge, loses impact because of its deliberately constrained vocabulary.

Performances are nonetheless to be valued – for their exactness of aim and timing, and for their unsparing power in showing emotional frustration as a kind of *slamming*, that punk-dance fashion in which brute force so acutely expressed the brutalities of life. Design, by Miranda Melville, is sure (the women wear dresses that could drive a girl to suicide), and the piece is excellently lit by Simon Robertson. There is a score by Peri Mackintosh which does what it does efficiently.

Radio

Serious signs of the times

MICHAEL BUERK, lately the BBC's Southern Africa correspondent, has begun a new Sunday series on Radio 4, *Africa, Deadline for the Dark Continent*. He begins at Africa's, perhaps the world's, most disturbed place, Somalia. His account of life in Mogadishu – little food, little medicine, and the relief convoys robbed by the so-called police – was appalling. Each local warlord is at war with others; there are freelance killers, with seemingly endless weapons. You must have arms, or looters may come to your house and fire a rocket-launcher through the door. Help is provided by Belgians, Irish, Italians and others, but they have no stores.

Buerk hopes for Western intervention, but Somali "leaders" not. "This is only a conflict of tribes," we are told. A wiser man reckoned, "The colonialists left too soon; we were not ready to understand what a nation is." By chance, in the last of his stimulating Radio 3 series, Bryan Magee, considering *Nationalism and the Melting Pot Myth*, came to a like conclusion; he quoted Dag Hammerskold in the Congo operations, "They are not ready for it."

Radio 3 began its "Chekhov and After" season on Sunday with a repeat of John Tydeman's fine 1965 *Three Sisters*, with Jill Bennett, Lynn Redgrave and Rosalie Crutchley as the sisters and Paul Scofield as Major Vershinin. On Tuesday they gave *Mrs Vershinin*, a fascinating piece in which Helen Cooper looks at the major's domestic life.

Yeliena Vershinina is roundly described by Toozenbach in Act 1 of the Chekhov, and we know that on the night of the fire she abandoned her children in their nightclothes and took refuge at the Prozorovs. Cooper traces her back to her childhood, her courtship, then to her married quarters. Her old father and mother also live there, but the major is too often at the Prozorovs. "It's the dark one," they say. When the battery is ordered to Poland, Yeliena won't have it. She and her daughters are going to Moscow, walking if necessary. Infection, evidently. Julie LeGrand gave a sensitive portrayal of her unhappy decline. No other characters from Chekhov are used. Ned Chaillet produced.

Radio 4's Monday play was *Mary Morgan*, a novelettish piece by Greg Cullen about a serving-girl hanged for killing the baby she had from the heir to a prosperous family. At her trial (early 19th century), the young man was foreman of the jury. By then he was about to make an advantageous marriage. A guilty verdict was socially and dramatically essential. Mad King George III appeared as an extra. The tale is said to be true, but it sounded pretty fictional in Jane Dauncey's competently novelettish production.

The motion before the third of the Radio 4 debates on Sunday was that "The time has come to disestablish the Church of England," and the lively discussion must have held the 9 per cent of the British people that still go to church. Tony Benn (proposing) brought up such matters as equality of faiths, appointment of bishops, blasphemy, and could not help saying that Conservatives controlled our faith through the BBC. The Bishop of Peterborough (opposing) wisely drew attention to the "bread-and-butter" services – baptisms, weddings, funerals – that so many non-churchgoers still find necessary. The motion was lost by 73 to 77. These debates are better than *Any Questions* or phone-ins; the quality of participants is higher.

I interviewed Cliff Richard in about 1960. He seemed to me a serious sign of the times. Modest and likeable, with hair on his chest, he had little to tell me; Elvis Presley was his hero. Christianity came later. Now *Wired for Sound*, a six-part series on Radio 2 (Sundays), will tell more, for instance, that he thinks Madonna too sexy – though Jack Good of television's *Oh Boy!* thought Cliff "the sexiest animal on television". The first programme was only biography, however. Radio 1 will deal with Elvis next week – Elvis Costello, I mean.

B.A. Young

ARTS

Still a macho nonconformist

Nigel Andrews enjoys a drink or two with actor, raconteur and mimic Robert Mitchum

MEETING Robert Mitchum requires an appetite for wild anecdotes and a cast-iron liver. We met at 11. By 12.40.p.m. in his up-market local bar – the Biltmore Four Seasons Hotel in bougainvillaea-clad Montecito, 80 miles up-coast from Los Angeles – the star had knocked back five double Martinis and I had made my frail attempt to keep up with four dry sherries. (I had to drive back to L.A.)

The lunch gong had not yet sounded and Mitchum, casting his narrative line and hook, had already reeled in a screaming-and-kicking Otto Preminger, a tyrannical Josef Von Sternberg, a river-soaked Marilyn Monroe, a storm-tossed Sir David Lean and a squealing, swooning Michael Winner.

These celebrities struggled in the reminiscing grasp of the 74-year-old actor with the hooded eyes, the basso voice and – first thing I noted as he walked through the door – that indelible chest-first perpendicular walk. To be Robert Mitchum is to be an immortal lining up for a place on cinema's Mount Rushmore. He is one of those rare actors who define the line between movie and theatre acting. In theatre you use vocal and gestural technique to travel the imaginative distance between yourself and the role. In cinema, where impersonation is seen through at the first close-up, your own personality must be strong enough, magnetic enough to make the role come to you.

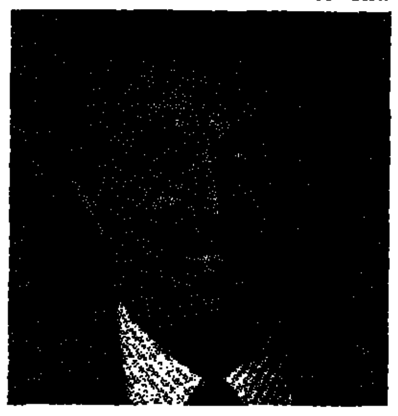
Mitchum was supposed to be talking to me about his new film *Cape Fear*, opening in Britain on March 6, in which he makes a dry-witted cameo appearance as a Southern sheriff. The film is Martin Scorsese's remake of the 1962 hoodlum-at-large thriller in which Mitchum starred with Gregory Peck. But we left the new film after a few dutiful burblings: "It was pleasant enough, three days in Fort Lauderdale, free lunch . . .". And why had Scorsese cast him? "I guess just to add a little panache to the cast list, you know . . ."

Two minutes of this and we pressed the rewind button. Mitchum has had an amazing career. Not just on the screen, where his nonchalant approach to acting in films like *Out of the Past*, *Macao*, *The Sundowners* and *Heaven Knows, Mr Allison* has led critics to talk of sleep-walking buzzards or sharks on sleep-cure, but off the screen. His professional life began with arrest and scandal, though Mitchum now claims he was "set up" for the famous 1947 marijuana bust that put him in jail and would have finished most actors' careers. Instead it enhanced Mitchum's reputation as a macho nonconformist. He attained pack-leader status among the stars of the deglamorised postwar era. "It was the age of ugly leading men," he recalls. "Before that you had the Tyrone Powers and Robert Taylors. Suddenly the Bogarts came in and you had these ordinary, protean heroes."

The stars playing them were not ordinary, though, even if Mitchum today makes a signature tune out of self-deprecation. He sort of, well, drifted into stardom in the early 1940s; after jobs as a Lockheed factory hand, a radio continuity writer and a Hopalong Cassidy stunt player. "Jimmy Stewart had won an Oscar around that time and his wife said to my wife, 'Look, if that tall lean drink of water can do it, your man can do it.' So I took a shot."

The Mitchum I was with took the occasional shot too. When Martini number three was handed to him, he returned the stickful of olives to the waitress with the single censorious word "Displacement!"

Mitchum in the late 1940s and



Robert Mitchum: star for 50 years

throughout the 1950s was one of the wonders of the movie business. He was not the only star who auto-piloted through roles; think of Alan Ladd, Glenn Ford or Dana Andrews. But he was the only one who was never dull doing it. He brought a lordly contempt to bad films and a slight but electrifying increase in voltage to good films. After crossing swords with Tinseltown's Third Reich – including the quarrelsome Otto Preminger ("The crew were gonna drop a lamp on him") and the *Macao*-directing Josef Von Sternberg ("He couldn't get the script right, I'd keep meeting myself coming through a door") – he secured the role of his career in 1955 in Charles Laughton's sole directing foray *The Night Of The Hunter*.

Grown cinephiles are known to weep with joy at this film. Its spooky tale of a wandering preacher (Mitchum) and the two children he terrorises is like *Hansel And Gretel* crossed with *L'Atalante*. Mention the film to Mitchum and a lightbulb goes on behind his eyes. "Charles was beautiful. I remember he called me up and said (purse-mouthed Laughton impersonation) 'I've got a story here, Bob, about an unremitting shit.' I said, 'Present.' And he said, 'Well, I'm not really suited to this, you know. I'm earning my living now reading the Bible.'

"Anyway, he did the film and he wrote the script, even though James Agee is credited. Agee just wrote the treatment, all eighteen pounds of it. Charles came to my house and he'd work on the screenplay at the same time as he was staging *The Caine Mutiny* up in Santa Barbara. And he was marvellous. Marvellous with the camera too. He would invent these Toytown effects, like the frog and the owl in the foreground of scenes. And in that shot through the barn window, when you see the preacher ride across the horizon, he did that on a soundstage, you know! With a midget actor on a miniature pony to evoke the distance."

The Night Of The Hunter was Mitchum's best role and best film. He drew from experience – "I knew those guys, those itinerant psalm-shouters from the South" – and he drew on his own resources of blackhearted Irish charm. Indeed the jaded, droop-lidded Mitchum we often see on screen, when a movie's pay packet is too large and its acting challenge too small, has no resemblance to the Mitchum I was meeting now. Inside the star is a raconteur; inside that, a mimic. He gave me Marilyn Monroe mouthing superstitious mantras before taking a dash into a torrent on Preminger's *River Of No Return*. (She broke her leg. Mitchum had warned her.) He gave me Michael Winner squealing with terror and fainting on the set of *The Big Sleep* when Mitchum gave the British director a "friendly" bear hug. And he gave me David Lean, exasperated and Etonian as the Irish weather wrecked his shooting schedule on *Ryan's Daughter*.

Mitchum is no respecter of reputations and that includes his own. "Any time a director ran out of script," he says when I ask him to define what Hollywood saw as the Mitchum star quality, "he'd cut to me having the bejeesus beaten out of me." No actor has fallen off horses, dragged himself through swamps or been pummelled by passing pugilists as much as he. "It's because for years I had no stunt double. So when the studio wanted an actor to throw around they knew I'd been through it all before." No wonder his favourite role is the bedridden Admiral in *The Battle Of Midway*; the third part offered to him in that movie after he turned down two other Admirals who would have been required to stand or walk.

Mitchum could also turn down roles for less frivolous reasons. He rejected two films that later gained Oscars for his replacements. The script of *In The Heat Of The Night*, in which Rod Steiger would triumph, had a man being thrown out of a bar in the first scene. "They don't have bars in that state! It was a dry state. If they got that wrong, what else would they get wrong?" And he handed the role of Patton to George C. Scott even though – or because – Mitchum passionately admires the Second World War General. "We'd be shooting in Spain and all that artillery would be paraded and there'd be a wide screen and Patton's character would just *disappear*. So I recommended an actor who I thought would fight for it. And he did."

Mitchum himself could fight when he wanted to and for some surprising characters. He fought to inject real menace into the first *Cape Fear*. Playing a darker variant on his *Night Of The Hunter* hoodlum, he gave the best performance of his middle years: sombre, insolent, witty, with reserves of frightening dementia kept till the final showdown.

In the new *Cape Fear* Mitchum gives the best performance of his *late* years. In a tiny role he wins the movie's two biggest laughs: for his mordant delivery of lines I shan't spoil your fun by revealing. Surrounded by younger actors going ape in a plot that encourages them to – Robert De Niro, Nick Nolte, Jessica Lange – Mitchum stands back and shows us why he has been a star for 50 years. He is above it all. He twinkles placidly in a firmament where, if you have the right personality wattage, doing nothing can be as luminous as doing everything.

Would he change anything in his career? "No. I sometimes think I should have kowtowed to the system more . . . but no, I couldn't have done it. You have to smile at all those prize nights, go to all those film festivals to get some statue they've knocked up. And you know what they're thinking: 'Let's invent an award and present it to some freak.' I was in Italy once and they wanted to give me a Rudolph Valentino award. I thought about it. A few days of pasta and red wine. But then I thought no, let them give it to some other guy. So they gave it to Steve McQueen who happened to be passing through town."

And what about a second life behind the camera? Would he have liked, like his hero Laughton, to direct?

This gets an interested pause but the same eventual answer. "Well, you gotta get there in the morning before everybody else. You gotta spend all night doing your homework. You gotta see the rushes. Uh-uh" (shake of the head). "No-o" (reasonable man's sigh). "Just say the lines, kiss the girl, take the money, and run."

'The Bacchanalian Feast': an unusually straightforward painting by William Heath Robinson

Very Heath Robinson

William Packer admires an old favourite

TO HAVE one's name enter the language is rare enough a distinction, one usually reserved to the inventor by virtue of the eponymous invention – mackintosh, biro, wellington, umbrella: well, perhaps not umbrella. For an artist to do so through his work must be rare indeed, and as a bare and general descriptive too, without benefit of qualifier or pointer, as in "Titian-haired", "Hogarthian", "Dickensian" or "Turneresque" do not really count, for being too close to the work itself and its context, a very particular *mise-en-scène*.

Yet the cartoonist and illustrator, William Heath Robinson, managed to pull off the trick within the few years of the First World War and after. By the end of the 1920s his name was in the language, and there it has remained, active and meaningful still, through decades in which the work itself has slowly begun to fade from the collective memory.

By the time of the Second World War, he was a national institution, his humane and ludicrous satires catching exactly the national mood, a most effective and ironical shield against War and all its horrors. It is a nice paradox that to those generations with direct experience of total war, his visual pleasantries were entirely acceptable, while to us, whose battles come by way of the television screen, they might seem arch, escapist, even inappropriate. War kills people: don't make jokes: someone might be upset.

So it is that with Heath Robinson we have the curious case of work that is certainly less generally familiar than it was, and yet the associative power of the word in no way diminished. How very Heath Robinson it is, we say, as we look at some wretched, gim-crack contrivance of wire and string and sticky tape, any improvised system of rods and pulleys, any kind of mechanical first-aid. We all know just what we mean.

It is good, therefore, to be brought back directly to the work, and to confront again the extraordinary visual inventiveness from which such meaning sprang. William Heath Robinson was born in 1872 and died in 1944, the youngest of three brothers, all of whom were to distinguish themselves as illustrators. Now, at the Royal Festival Hall (until March 29), as part of *Towards the Millennium*, that on-running celebration, through the 1990s, of the 20th century, the South Bank Board is showing his *Machines and Inventions*. The exhibition has been arranged by Chris Beetles, who has also put on a large show of the work of the three brothers together, Thomas, Charles and William, at his London gallery (8 Ryder Street, St James's SW1, until March 20).

They all come of the same school of British illustration, that in late Victorian and Edwardian times had proved so robust, rich and various in talent, from Tenniel and Keene, through Morris, Crane and Beardsley to Rackham and Dulac. But it is William who is at once the most graphically original and inventive, besides being by far the most humorous of the three. His has been a lasting influence, with Nicholas Bentley perhaps his most distinguished follower in terms of formal example, but also Pont, and both Ronald Searle and Roland Emmett in terms of surreal invention.

The jokes still work wonderfully, the explosions and the splashes, the tunnels and balloons, the spikes and levers, but it is the graphic sophistication that is now, if anything, the more astonishing and enjoyable. He moves from inside to outside, from underwater to mid-air, from diagram to description, with the most disconcerting uet convincing ease and certainty. Cranes and tanks, submarines and aeroplanes, divers and balloonists, cooks and waitresses, all give him particular joy.

Here is a tramp-steamer about to pin an enemy submarine to the ocean floor by mounting an attack with trunks and sea-chests; here a diver snipping the bait from the fisherman's hook; here a drilling frame to keep raw recruits in step; here a tea-shop regulating machine, to measure out the rationed tea and sugar. Underground, far below no-man's land, the British siphons off the German soldier's beer. The cook pumps the steaming dinner plate up the service shaft to the anxious housemaid far above.

Always we work out the problem with him, follow the string from the bed to the sprung shelf, to the lead weight which will fall on the bellows, which will blow out the candle. Step by step, we read and accept the mad, credible logic. If you live in a flat, of course you take your exercise in mid-air: of course you do. Whatever next? Quite wonderful.

When politics and art don't mix

Lynn MacRitchie on the work of Alfredo Jaar at the Whitechapel Gallery

GOOD INTENTIONS do not necessarily lead to good works of art, especially if the intentions are political as well as artistic. Alfredo Jaar, the Chilean artist whose exhibition *Two or Three Things I Imagine about Them* is at the Whitechapel Gallery until March 29, means well. He has set himself the task of bringing into our western art space images of people who live and work in some of the most miserable conditions in the so-called third world.

His subjects include the toilers in the hellish gold pit of Serra Pelada in Brazil, the residents of Koko, in Nigeria, where toxic wastes from Europe and the US have been dumped, and refugees from Vietnam interned in Hong Kong. He presents them in photographs, some taken by himself, some selected from other sources, displayed on light boxes. The light boxes are then arranged in installations of varying degrees of complexity, the purpose of which is to make us experience both the physical and the political distance which separates the viewer from the subject.

So far so admirable. The problem is the works just don't work – or rather they do, but in such a simplistic fashion that instead of being moved and in some way involved with the people whose lot he or she has been invited to contemplate, the spectator is more likely to be appalled at the assumption that such poorly conceived gallery tricks could begin to embody the complexities of perception and experience they dare to hint at. An example: the images of individual Brazilian gold miners in "Out of Balance", 1988, are set at the edges of their light boxes, the catalogue explains, because the miners are "marginal" to the developed world. Yes, really . . . that's all.

The piece "Untitled (Water)", 1990, at first sight works better. Here, five light boxes show images of the sea. Behind them, 25 small mirrors reflect fragments of the images on the other side of the light boxes, of boat people either at sea or grouped in internment camps. As a metaphor, this works, but only until curiosity prevails and we walk up to the floor-set boxes and peer behind them to see the images of the people on the other side "properly". This lack of control in the placing of the boxes makes it possible to undermine the whole point of the installation, which is surely to allow us to realise that what we think we "see" of such people is inevitably both fragmentary and distorted.

The gold miners and refugees are passive subjects, brought to us from far away. Trapped in their boxes, they do not answer back. Not so the pupils of the Mulberry School for Girls, some of whose pupils Jaar had had photographed (with their and their parents' consent), to form part of the installation *Two or Three Things I Imagine about Them* which fills the lower gallery. This is a new piece specially commissioned for the exhibition: its subject is the Bangladeshi community of Whitechapel.

When the young women saw that the large colour photos of their faces – individual, identifiable, local faces – had been overlayed with quotes from remarks made by a Bangladeshi some time in the fifties, referring to the compatriots he employed as home workers and saying, amongst other things "They are all illiterate", they objected. The uncredited text imposed over their faces made it look as if either they had said the words themselves or that their images had been defaced with the anonymous racist slurs so familiar in our streets.

After a meeting with the girls at the school, and a discussion about what he had been trying to achieve in the work, Alfredo Jaar agreed to take the pictures down. Seven of the 18 lightboxes which hang from the gallery ceiling are now empty, their unlit neon tubes exposed. The others retain images of young women's faces or close ups of their eyes. Other elements of the exhibition include film, sound, neon and mirrored walls.

Just inside the entrance, a screen blocks the way. On it is projected upside down the head of a woman asking questions such as "How to learn to see differently? Who sees? Who is seen?" in English and Bengali. The screen is reflected in a pool of water and the spectators gazing at the ensemble are themselves reflected in two large mirrored panels which flank the video screen. This hotch potch of high tech and high ideals, put together by a sophisticated artist, a distinguished cultural critic (Gayatri Chakravorty Spivak, who is the questioning head and Professor of English and Comparative Literature at Columbia University in New York), numerous assistants and a battery of technology fails to achieve a unity of content and form able to withstand the critique of the young women whose lives it claimed to make visible and whose artistic judgment is to be commended.

Showcase concerts for the BBCSO

THE BBC Symphony's contribution to the Barbican's tenth-anniversary celebrations on Wednesday was to invite Pierre Boulez to conduct a showcase concert of Birtwistle, Stockhausen, Berio and his own music. All the composers have been the subjects of the BBC's winter series at the Barbican, which have become such a valuable fixture in the Centre's calendar; only Henze (featured in 1991, but a long-time Boulez *bête noire*) was missing from the roster.

The concert was a typical Boulezian occasion. If the new Welsh National Opera *Pelléas* gives glorious evidence of the ever-deepening command of his interpretive powers, the performances here, with the BBCSO more willing and responsive to his direction than they ever appeared to be when he was their chief conductor, were a reminder that he still has no equals in the contemporary repertory. In Birtwistle's *...agm...*, of which he gave the first performance in Paris in 1979, the raw power and primitive lyricism of the score were made more pungent than ever before, and the case for the work as Birtwistle's finest achievement for the concert hall seems increasingly unanswerable.

The programme ended with Berio's Sinfonia, which Boulez marshals and controls with enormous virtuosity, drawing out the luscious textures with magical clarity, making the famous collage movement an orchestral as well as a a compositional *tour de force*. Electric Phoenix were the vocalists, as deft as any incarnations of the Swingle Singers ever were. It was prefaced by a playback of Stockhausen's *Gesang der Jülinge*, now sounding distinctly low-tech and drily *pointilliste*, yet somehow retaining its freshness intact. A distinguished occasion; they really don't make many contemporary-music concerts as good as this nowadays.

A week earlier the BBC Symphony appeared with David Atherton in the Festival Hall for an accomplished double-bill of rarely heard Stravinsky ballets – an invigorating coupling of near-masterpieces, *Orpheus* from 1948 and *Persephone*, written to André Gide's text in 1933. When so scrupulously prepared and loving detailed, they are shown off to best advantage, and the neglect of *Persephone* in particular seems hard to understand.

Caught on the cusp between the last rites of Stravinsky's neoclassicism and his rebirth as a serialist, *Orpheus* remains problematic, but the earlier work is a rich repository of finely-tuned gestures, a dictionary almost of Stravinsky's vocabulary of classical myths. In it one recognises many of the turns of phrase from other contexts – the choral implorations of *Oedipus* and its menacing ostinatos , the elegant cadences of *Apollo* – yet in *Persephone* they seem not at all tired or recycled but gain a fresh purity and directness. The solo tenor in the role of Eumolpus was John Aler, effective and unflashily rhetorical; the Persephone was Laurence Bouvard, who delivered the lines with an easy fluency which by-passed all the usual problems of making melodrama work.

Andrew Clements

Chess No 912: 1 Qc6 Kh3 2 Nf2, or Kf3 2 Nef6, or Kxh5 2 Be2, or Kf5 2 Qg6. Traps are 1 Bd5? Kxh5 or 1 Bd3? Kf3.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand introduced by Bob Wilson. 12.20 Football: Review of the FA Cup fifth round. 12.35 Athletics from Genoa: Highlights, including men's and women's 60m, men's indoor heptathlon, and men's long jump. 1.00 News. 1.05 Motor Racing from Kyalami, South Africa: News of the final practice laps. 1.25 Racing from Haydock Park: including the 1.30 Victor Ludorum Hurdle Race, at 2.00 The Timeform Steeplechase, at 2.30 The Greenalls Gold Cup, and at 3.00 The Ladbroke Racing Handicap Hurdle. Plus, Racing from Newbury: including the 1.45 Berkshire Hurdle Race, at 2.15 The Daily Mail Ideal Home Exhibition Chase (H'cap), and at 2.45 The Ideal Home Plus Handicap Hurdle. 3.05 World Bowls: The pairs final from The Guild Hall, Preston. 3.50 Football Half Times. 4.00 Athletics. 4.35 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Stay Tooned!
5.45 Big Break. With Canadian Cliff Thorburn, Australia's Warren King and Jimmy 'Whirlwind' White.
6.15 Noel's House Party.
7.05 The Paul Daniels Magic Show. Guests include Ali Bongo, and from Germany, Gina Althoff.
7.50 Columbo.
9.00 Moon and Son.
9.55 News and Sport; Weather.
10.15 That's Life! Men around the country are in for a surprise as women celebrate leap year by proposing to their loved ones on the programme.
10.55 Midnight Caller. Part two. While broadcasting from a trouble-torn prison, Killian becomes the target for a vicious inmate. Gary Cole stars.
11.45 Film: In the Heat of the Night. Award-winning drama, directed by Norman Jewison, about a black Philadelphia police officer (Sidney Poitier) roped into helping a southern sheriff (Rod Steiger) solve a murder case (1967).
1.30 Weather.
1.35 Close.

BBC2

6.40 Open University.

3.00 Mahabharat. (English subtitles).
3.40 The Sky at Night.
4.00 Around Westminster: Review of the week's parliamentary news.
4.30 World Bowls. Coverage of the Pairs Final from the Guild Hall, Preston. Introduced by Dougie Donnelly.
6.10 Late Again. Highlights from the week's Late Shows.
6.55 News and Sport; Weather.
7.10 Standing Room Only. One-off edition of the football fanzine. Simon O'Brien and John Fashanu explore Africa's football revolution and consider the sport's economic and political future in the light of the recent decision to re-admit South Africa to the international circuit.
8.10 Fine Cut: Lessons of Darkness. Director Werner Herzog's documentary about the after-effects of war in Kuwait. Landscapes are a prominent feature of Herzog's films, and in this he uses surreal images to capture the bizarre spectacle of a world on fire. The soundtrack was commissioned from a Scandinavian monk.
9.00 Film: Wise Guys. Danny De Vito and Joe Piscopo star in a black comedy, directed by Brian De Palma. Two small-time crooks try to steal from their boss, but in revenge he sets them up to kill each other. Also starring Harvey Keitel (1986).
10.30 Guitar Legends – Through the Electric Age. New series. Some of the world's most acclaimed players talk about their passion for the electric guitar, and give an insight into the instrument's history. With contributions from Bo Diddley, George Benson and the man who made the Gibson guitar such a success – Les Paul.
11.30 Guitar Legends – Blues and Soul Night. First of five concerts from the 1992 Seville Festival. Featuring performances by BB King, Albert Collins, Robert Cray, Steve Cropper and Dave Edmunds.
1.05 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 Zorro 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy with the pick of the week's Football League action. Plus, previews of the unresolved Rumbelows Cup semi-finals, including tomorrow's live clash between Spurs and Nottingham Forest; The Day.
1.55 Snooker: The British Open. First session of the final.
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! Singer Zoe joins Pat Sharp to talk about her latest single. Plus, Dave Williamson brings a touch of magic to the show, teaching a group of youngsters some of the tricks of his trade.
5.25 Baywatch. David Hasselhoff stars.
6.20 Family Fortunes.
6.50 Stars in Their Eyes. Introduced by Leslie Crowther.
7.20 The Brian Conley Show. With Linda Lusardi and Nick Owen.
7.50 Murder, She Wrote. A factory worker is struggling to make ends meet for herself and her son. Her situation is made worse when she is accused of murdering her lecherous landlord who was forever trying to make life difficult for her. Starring Angela Lansbury and Season Hubley.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 The Other Side of Paradise. Part two of the mini-series with Jason Connery and Josephine Byrnes. Koraloona faces the wartime threat of Japan.
10.05 Aspel and Company. With Tommy Steele, currently in Some Like It Hot at London's Prince Edward Theatre, actress Shirley Ann Field and comedian Paul Merton.
10.50 Snooker: The British Open. Climax of the £425,000 world ranking tournament.
12.35 Tour of Duty.
1.35 Get Stuffed.
1.40 Passengers.
2.10 WCW Pro Wrestling.
3.05 Bhangra Beat.
3.35 American College Football 1991 (Texas v Texas A & M).
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye 10.00 The Big 8. 10.30 Film: Berlin Correspondent. 11.45 Rickshaw Man 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: Manhattan Melodrama. starring Clark Gable and William Powell with Myrna Loy (1934).
2.40 Film: Mogambo. Clark Gable plays a Kenyan trapper who takes an American showgirl and a British couple on a gorilla hunt. With Ava Gardner, Grace Kelly and Donald Sinden (1953).
4.40 Joe McDoakes. Comedy short.
5.05 Brookside.
6.30 Right to Reply. A viewer challenges Channel 4's chief film buyer about the scheduling of C4's programme But He Loves Me, about a male teenager's violence against his girl-friend, which was transmitted at 5.00pm. Plus a viewer's report on whether television presenters are overpaid and under-worked.
7.00 A Week in Politics. Interview with Paddy Ashdown, leader of the Lioberal Democrats; also a report on how the Scottish Nationalist Party is as much a threat to the Labour Party as to the Conservative Party.
8.00 TV Heaven: Introduction. Frank Muir presents an evening of classic television from 1965.
8.05 The Saint. Starring Roger Moore.
9.30 Woody Allen. In 1965, Woody Allen began his career in films, but until then was better known as a stand-up comedian. This is a chance to see some classic moments from his act.
10.10 Human Jungle. An episode from the classic series starring Herbert Lom as Harley Street psychiatrist, Roger Cordier.
11.10 Tempo. Arts programme which ignored the jargon of critics and academics and spoke directly to a mass audience. This show contrasts two contemporary talents: Tom Jones, and Lynn Seymour.
11.45 Court TV: America on Trial. Patricia Griffin's young son died after being given alcoholic drinks at a party. She now faces trial, charged with injury to an infant by omission.
12.45 Film: Castle on the Hudson. Remake of the prison drama 20,000 Years in Sing Sing, recently shown on Channel 4. Starring John Garfield. Part of the Barred season (1940).
2.10 The Word.
3.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 11.30 The Munsters Today. 1.05 Anglia News. 5.05 Anglia News and Sport 5.15 Cartoon Time

BORDER: 1.05 Border News. 5.05 Border News and Weather 5.15 Cartoon Time.

CENTRAL: 11.30 The Munsters Today. 1.05 Central News 5.05 Central News 5.15 Central Sports Special - Goals Extra. 9.00 Local Weather

CHANNEL: 11.30 Superman 1.05 Diary Dates 5.05 Channel News 5.10 Puffin's Pla(i)ce 5.15 Cartoon.

GRAMPIAN: 11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Abair! 2.15 Crann Tara. 2.45 Snooker: The British Open. 4.45 Scotsport Results 5.05 Grampian Headlines 5.10 Crimestopper. 5.15 Cuirm Cloimne. 5.20 Telethon '92 Launch 9.00 Grampian Weather.

GRANADA: 11.30 Children's Island 1.05 Granada News 5.05 Granada News 5.10 Granada Goals Extra.

HTV: 11.30 Superman. 1.05 HTV News 5.05 HTV News and Sport

HTV Wales as HTV except: 5.20 Cartoon Time.

SCOTTISH: 11.30 NB. 1.05 Scotland Today. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 9.00 Scottish Weather.

TSW: 11.30 The South West Week. 1.05 TSW News. 1.55 Peppino 2.25 Snooker: The British Open. 5.05 TSW News. 5.15 Gus Honeybun's Cartoontime. 9.00 TSW Weather

TVS: 11.30 Superman. 1.05 TVS News 5.05 TVS News. 5.15 Cartoon.

TYNE TEES: 11.30 My Secret Identity 11.55 Mr Magoo 1.05 Regional News 5.05 Northern Life Sport Special. 5.15 Cartoon Time.

ULSTER: 11.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Saturday Sport. 5.05 Ulster Newstime. 5.10 Saturday Sports Results 5.15 Cartoons. 9.00 Ulster Newstime

YORKSHIRE: 11.30 My Secret Identity. 1.05 Calendar News. 5.05 Calendar News 5.15 Cartoon Time

S4C Wales as Channel 4 except:- 9.30 Jeifin 10.00 Travelog 10.30 Cynhadledd Y Blaid Lafur 1992. 6.30 Free for All 7.00 Newyddion Nos Sadwrn. 7.20 Band Yr Andes. 7.50 Y Filltir Sgwar. 8.50 Tocyn Tymor. 9.35 Quizbowl. 10.05 Evening Shade 10.30 The Snake Pit starring Olivia de Havilland, with Leo Genn, Mark Stevens and Celeste Holm (1948)

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt, 10.55 Advice Shop Extra! 11.00 Business Matters. 11.30 Work is a Four Letter Word.

12.00 Bazaar.
12.25 Experiment!
12.30 Country File. The launch of Flora Britannica, a nationwide project to assess the cultural importance of plants.
12.55 Weather for Farmers.
1.00 News; On the Record. Shadow Employment Secretary Tony Blair interviewed by Jonathan Dimbleby. Can Labour really do more to solve unemployment than the Tories? Plus, To what extent has the Poll Tax affected the electoral register? A special film report.
2.00 EastEnders.
3.00 Film: Explorers (1985).
4.45 Tom and Jerry.
5.00 The Clothes Show.
5.25 Antiques Roadshow. From Hemel Hempstead in Hertfordshire.
6.10 Lifeline. Barry Norman appeals on behalf of the Motor Neurone Disease Association.
6.20 News.
6.35 Songs of Praise. To celebrate 35 years of Ghana's independence, Songs of Praise links congregations in Bristol and the commonwealth nation by satellite.
7.15 'Allo 'Allo! Last in series.
7.45 Lovejoy.
8.40 So Haunt Me.
9.10 One Foot in the Grave.
9.40 News and Weather.
9.55 Mastermind. Subjects are History of the Percy Family 1377-1865; Life and Works of GF Handel; Life and Work of Charles Rennie Macintosh; and The Vice-Presidencey and Vice-Presidents of the USA.
10.25 Everyman. Profile of the people of Davao City in the southern Philippines. Film-maker John Goodyear spent six weeks in this shanty town, where half a million inhabitants live as squatters.
11.15 Grand Prix. Highlights from Kyalami of the South African Grand Prix.
11.55 The Shadow. Shop stewards and hospital cleaners Bente Anderson from Copenhagen, and Rosaleen Davidson from Belfast, compare their respective cultures and union affairs.
12.25 Dear John: USA.
12.50 Mahabharat. (English subtitles).
1.30 Weather.
1.35 Close.

BBC2

6.35 Open University.

12.00 Sunday Grandstand introduced by Steve Rider. 12.00 Motor Racing: South African Grand Prix, live from Kyalami. 2.00 Athletics from Genoa, Italy: European Indoor Championship, including men's and women's sprinting, jumping and long-distance running finals. 2.15 Bowls from The Guild Hall, Preston: Singles final. 4.15 Athletics. 5.00 Rugby Special: Orrell v Leicester. 6.00 Athletics. Times may vary.
6.35 The Money Programme. Janet Bush reports on the prospects for the jobs market for the rest of the decade. Will recent employment trends see the foundation of a flexible, efficient British workforce or a return to a 19th century-style sweatshop economy?
7.15 The Natural World. A tropical forest in Thailand is in danger of extinction. Uncontrolled logging and soil erosion have contributed to its demise. Now a Buddhist monk and a Thai princess are encouraging locals to replant their lost wilderness.
8.05 Follow the Money. The changing attitudes toward accountants.
9.05 Trying Times. American comedy short, with Geena Davis and Peter Riegart.
9.30 Did You See? Jeremy Paxman is joined by writer Malcolm Bradbury, Charles Kennedy MP, president of the Libreal Democrats, and Helen O'Brien, a Romanian who was a spy for MI5 for 30 years. They will be reviewing Underbelly (BBC2), Arena on Dean Reed (BBC2) and Old Boy Network (ITV)
10.00 Film: Truly, Madly, Deeply. A young woman's life falls apart when her lover dies. When he unexpectedly returns from the dead, it causes her to rethink their relationship. Alan Rickman and Juliet Stevenson star in the award-winning drama, continuing the Screen Two season (1991).
11.40 Film: Macaroni. An American executive returns to Naples on business, where he is met by the brother of the woman he abandoned during World War Two. Italian comedy, starring Jack Lemmon (1985).
1.25 Def II: Rapido.
2.00 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.
1.10 Special Inquiry. Donald McCormick investigates whether the catastrophe predicted for the former Soviet Union can be averted; The Day.
2.15 Sharp's Funday.
2.50 Dinosaurs.
3.20 The Match. Tottenham Hotspur tangle with Nottingham Forest in the second leg of the Rumbelows Cup semi-final from White Hart Lane.
5.30 Bullseye.
6.00 Hannah Hauxwell – Innocent Abroad. The legendary Dales-woman continues her Grand Tour. She visits Salzburg and Vienna to pay homage to her hero, Johann Strauss.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry celebrates St David's Day at Portmeirion, North Wales.
7.15 You've Been Framed!
7.45 The Darling Buds of May. Last in the series.
8.45 Maigret. The Parisian detective regrets not taking an eccentric old woman seriously. Michael Gambon stars as Maigret.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Old Boy Network.
10.35 The South Bank Show. Melvyn Bragg profiles Noël Coward, the prolific playwright whose work is enjoying a renaissance 20 years after his death. The programme features specially staged extracts of his plays, and contributions from Sir John Gielgud, Sir John Mills and Graham Payn, Coward's partner.
11.35 Hooked! How should we combat the horror of drugs? The USA declares war on the drug barons, while the Swiss give addicts clean needles – what's the answer? Last in series.
12.10 Cue the Music.
1.15 Extreme East.
1.45 The ITV Chart Show.
2.45 Film: Twinky. Susan George plays a precocious 16-year-old swept off her feet by a dashing, middle-aged American writer. With Charles Bronson and Trevor Howard (1969).
4.30 Pick of the Week.
4.55 Adventure.
5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 D'Art. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Opera on 4: Simon Boccanegra. Elijah Moshinky's new stage production of Verdi's opera from the Royal Opera House. Conducted by Sir Georg Solti, and starring Alexandru Agache and Kiri te Kanawa.
4.30 Crime Does Not Pay.
4.55 News.
5.00 Scottish Eye. Duncan Campbell investigates a Glasgow scientist who has gained publicity and research funds by claiming that he was on the verge of a breakthrough in Aids research – but without producing any significant results.
5.30 Star Chamber. Chris Patten MP answers questions put to him by a computer.
6.00 Press Gang.
6.30 The Wonder Years.
7.00 Fragile Earth: End of the Game. Debating the future of Zambia's elephant population on the eve of an international conference on the lifting of the world ivory ban.
8.00 Whicker's World – Down Under. Australians live more secure lives than any other nation. But how easy is it for newcomers to retain their own individuality?
8.30 Childhood. New series. Tracing child development from birth to puberty in four continents. The programme compares and contrasts growing up in diverse cultures, starting with the stories of four families preparing for the birth of a new child.
9.30 Burning Books. Discussing the ethics of true-life crime stories and reviewing Nicholson Baker's novel Vox, about a sex chat line; Art Speigelman's Maus II, a story of Jews in Auschwitz; and a biography by three Chinese women.
10.00 Film: Up the Creek. A dim-witted naval lieutenant is assigned the command of a broken-down shore establishment. Comedy, starring Peter Sellers and David Tomlinson.
11.35 Film: Welcome to Germany. Tony Curtis stars in this drama about the making of a 1942 Nazi propaganda film which uses Jews as extras.
1.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Goals Galore 12.50 Anglia News. 2.15 Cartoon Time. 2.25 Highway to Heaven. 6.35 Anglia News. 10.00 Regional Weather.

BORDER: 12.30 Gardening Time 12.55 Border News. 2.15 Cartoon Time. 2.20 Coming of Age. 2.50 Bullseye 5.30 Scotsport. 6.35 Border News.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.15 Disney's Sports Special. 3.10 Porky Pig. 6.35 Central News 10.00 Local Weather.

CHANNEL: 12.30 Reflections 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.15 My Secret Identity. 2.45 Cartoon. 6.35 Channel News.

GRAMPIAN: 10.45 Peppino. 11.15 Perspectives. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.15 Where the Bullets Fly. (1966) 4.00 Country Matters. 4.30 Bullseye. 5.00 Scotsport. 6.35 Grampian Headlines

GRANADA: 12.25 Granada This Week. 2.15 Cartoon. 2.20 Coronation Street. 6.35 Granada News

HTV: 12.30 Farming Wales. 12.55 HTV News. 2.15 HTV Newsweek. 2.45 The World of Women's Tennis 1992. 6.35 HTV News.

HTV Wales as HTV except: 2.15 Captain Scott Awards '92. 8.45 St David's Day Concert. 10.05 Margret. 11.05 Old Boy Network. 11.35 The South Bank Show.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Journeys. 12.30 Day Out with Dana. 12.55 Scotland Today 2.15 Take Five. 2.25 Shane. (1953) 4.30 Bullseye. 5.00 Scotsport 6.35 Scotland Today 10.00 Scottish Weather

TSW: 12.30 TSW Farming Week. 12.55 TSW News 2.15 Fisheries News. 2.30 Children's Island. 3.00 Gus Honeybun's Magic Birthdays 6.35 TSW News. 10.00 TSW Weather.

TVS: 12.30 TVS News. 12.33 Agenda. 2.15 My Secret Identity. 2.45 Cartoon. 2.50 Dinosaurs 6.35 TVS News

TYNE TEES: 12.25 Best of British. 12.55 Regional News. 2.15 Dinosaurs. 2.45 The Back Page. 6.35 Regional News.

ULSTER: 12.30 Farming Ulster. 12.55 Ulster News 2.15 Cartoon. 2.20 Coronation Street 6.35 Ulster Newstime 10.00 Ulster Newstime

YORKSHIRE: 12.25 Goals on Sunday 12.50 Calendar News. 2.15 Beg, Borrow or Steal (1973) 5.30 Hannah Hauxwell – Innocent Abroad. 6.00 Bullseye. 6.35 Calendar News 11.35 Scrumdown.

S4C Wales as Channel 4 except:- 9.25 Laurel and Hardy. 9.30 It's a Dog's Life. 10.00 The Crystal Maze 11.00 Voyage to the Bottom of the Sea. 12.55 Now You're Talking 1 1.20 Now You're Talking 2. 1.45 Bwrw Mlaen. 2.15 San Steffan 2.35 Fragile Earth 3.35 Opera: Orfeo ed Euridice. 5.05 Success. 5.10 The Three Stooges 5.30 Pobol Y Cwm 7.05 Newyddion. 7.10 Saith Ar Y Sul 7.25 C'Mon Midffild. 8.10 Hel Straeon 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Mwy Na Phapur Newydd. 9.55 Ffiniau 10.15 TV Heaven: Introduction 10.20 The Saint. 11.45 Woody Allen.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Navy Lark. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Bob Sinfield. 5.00 Cinema 2. 5.30 Music by John Barry. 6.00 Things are Swinging. 7.00 On the Air. 7.30 In Praise of St David. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Frankie Laine. 12.35 Night Ride. 4.00 Barbara Sturgeon.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Matisse Piano Quartet.
9.30 Saturday Review.
12.11 Ives.
12.55 Words.
1.00 News.
1.05 Vogler String Quartet.
2.05 Rafael Kubelik.
4.05 Rossini's 200th Birthday.
4.30 Jazz Record Requests.
5.15 Third Opinion.
6.00 Live from the Met.
9.05 John of Patmos.
9.15 Early Brahms and Late Beethoven.
10.05 Tuning Up.
11.05 BBC Scottish Symphony Orchestra.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse: Something Like a Miracle.
4.00 Age to Age.
5.00 Coasting the Earth.
5.25 Fourth Column.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial: Buddenbrooks.
8.50 On the Ropes.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Stop Me and Tell One.
10.45 Travels with Mrs T.
11.00 Richard Baker Compares Notes.
11.30 The Nick Revell Show.
12.00 News.

BBC RADIO 5
6.00 World News.
6.09 News About Britain.
6.15 The World Today.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.00 News.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
11.25 Cricket World Cup.
12.00 Sport.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics.
8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup.
10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk. 11.30 Londres Midi.
11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View.
2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News Summary: Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German.
8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour.
10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show.
1.00 News Summary. 1.01 Play Of The Week: Wild Strawberries. 2.00 Newsdesk. 2.30 Wild Man Of The Woods.
3.00 News; Words Of Faith. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 Children of Courage. 4.30 Business Review; Travel.
4.45 News and press review in German.

SUNDAY

BBC RADIO 2
7.00 Colin Spemer. 9.05 John Sachs. 11.00 Wired for Sound – The Cliff Richard Story. 12.01 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Victor Silvester Orchestra. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Andrew Lane with Night Ride. 4.00 Steve Madden

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
8.30 News.
8.35 A Land with Music.
9.15 Juilliard Quartet.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.50 Replay.
1.05 News.
1.10 Your Concert Choice.
2.35 Cheltenham Festival 1991.
4.05 Poet of the Month.
4.25 Barsai Conducts Prokofiev.
5.15 Opera News.
6.00 Praise for St David's Day.
7.00 Northern Sinfonia.
7.30 Chekhov and After.
9.20 Henze.
10.55 Thomas Allen.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Nick Ross.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Golden Oldies.
5.00 News; Down Your Way.
5.40 First Person.
6.00 News.
6.15 Feedback.
6.30 Present Voices, Past Words.
7.00 Africa: Deadline for the Dark Continent.
7.30 Bookshelf.
8.00 The Radio 4 Debates.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Exile: A Nation Divided.
11.00 In Committee
11.30 Seeds of Faith.
12.00 News and Weather
12.33 Shipping Forecast.
12.44 (FM) Close.
12.44 (LW) As World Service

BBC RADIO 5
7.30 Sunday Edition.
8.00 Johnnie Walker.
10.30 Education Matters.
11.00 Learn to Earn.
11.30 A Century Remembered.
12.05 Ring a Winner.
1.40 Open University Open Forum.
2.00 And Now Read On.
2.30 They Think It's All Over.
3.00 Football Extra.
5.00 Sports Bulletin.
5.10 Bob Hatton Rattle.
6.05 Mission Investigates.
6.30 The Railway Children.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
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6.00 News; News About Britain. 6.15 Letter From America. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew 9.00 News; Business Review. 9.15 Seeing Stars. 9.30 Folk in Britain
9.45 Sports Round-up. 10.00 News Summary: Science In Action. 10.30 In Praise of God. 11.00 Newsdesk 11.30 Londres Midi. 11.45 Mittagsmagazin 12.00 News Summary.
12.01 Play of the Week: Wild Strawberries. 1.00 Newshour. 2.00 News Summary. 2.01 It's Your World With Eastern European Leaders. 3.00 News. 3.15 International Recital. 4.00 News; News About Britain.
4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English.
6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News. 10.15 Meridian.
10.45 Sports Roundup. 11.00 News; Business Review. 11.15 Music With Matthew. 12.00 Newsdesk 12.30 In Praise of God. 1.00 News Summary. 1.01 Classic Concerts. 1.45 Mastersingers. 2.00 Newsdesk.
2.30 Composer of the Month: Richard Strauss. 3.00 News; Words of Faith. 3.15 Sports Roundup 3.30 Anything Goes 4.00 News. 4.15 Taxi.

CHESS

MATTHEW Sadler, 17, of Chatham, Kent, is emerging as the young player most likely to match the skills of the UK's leading grandmasters. While England's top pair Short and Speelman compete this week against Kasparov and Karpov at Linares, Sadler is at Cappelle la Grande near Dunkirk trying for his third GM norm.

Sadlerhas two of four required GM results, one from Cappelle 1991 the other from Hastings where he led until the last round. During this dashing game David Bronstein, the brilliant veteran, was sitting at the next board so, said Sadler, "I wanted to do something in his style" (MD Sadler, UK, White; M Tseitlin, Russia, Black; Dutch Defence; Foreign & Colonial Hastings Challengers 1991-2).

1 d4 f5 2 c4 Nf6 3 Nc3 Varying from the usual Nf3,g3 and Bg2. g6 4 Bg5 Bg7 5 Qd2 Nc6 6 0-0-0 h6 7 Bxf6 Bxf6 8 e4. An attempt to exploit Black's uncastled state by opening the h5-e8 diagonal. 8 Nf3 d6 9 e4 is safe but level. Nxd4 9 exf5 gxf5 10 Nge2 c5. Returning the pawn for the bishop pair. Black could also play Nc6 11 g4 fxg4 12 Ne4 when he is two pawns up but needs careful defence. 11 Nxd4 cxd4 12 Nb5 Qb6 13 Nxd4 0-0? Simply d6 with Bd7 and Rc8 is better. White develops the h1 rook to repel queen's side tactics. 14 h4 d6 15 Rh3 Bd7 16 Qxh6. Absorbed in his plans, the Russian forgot that Bxd4 fails to 17 Rg3+ Kf7 18 Qg6 mate. Bg7 17 Rg3 Rf7 18 Qg6. White has a decisive attack. He prepares Rd2,Nf3-g5 and Qh7 mate or h5-h6. e5 19 h5 f4. Or exd4 20 h6 intending hxg7 or h7+. 20 Rg5 Kf8 21 h6 Bf6 22 h7 Ke7 23 Nf5+ Bxf5 24 Rxf5 Qd8. The threat was 25 Rxf6 Rxf6 26 Qg7+ Rf7 27 h8Q. 25 c7 Qc7 26 Bc4 d5 27 Bxd5 Resigns.

Chess No 912

BLACK

WHITE

White mates in two moves (by N Belachnikov).

Leonard Barden

Solution Page XX

BRIDGE

A NEW book by Danny Roth – *Bridge: Groundwork in Play and Defence*, published by Robert Hale at £10.95 – is now available. It contains many interesting hands for you to study. Let us look first at this spade contract:

N
♠ Q 10 7 3
♥ 8 4
♦ A Q 3 2
♣ A 8 3

W	E
♠ 9 6 2	♠ 8
♥ 10 9 6	♥ A K Q 3
♦ 10 5 4	♦ K J 7
♣ J 7 6 5	♣ K Q 10 4 2

S
♠ A K J 5 4
♥ J 7 5 2
♦ 9 6 3
♣ 9

East dealt with East-West vulnerable and opened with one club, promising 17-plus points. South over-called with one spade and North raised to three spades. East doubled for take-out; but South silenced West by bidding four spades, and all passed.

West led off with the 10 of hearts. East cashed queen and ace and then switched to the club king. Over to you. Most of the 19 outstanding points must be with East, so you are in danger of losing two diamonds in addition to the two hearts lost already. However, the diamond situation is tailor-made for throw-in after the elimination.

For this elimination to succeed, you must place East with a singleton spade – more than likely from the bidding. You win the club in dummy, ruff two clubs in hand and two hearts in dummy – crossing back with trumps – and lead the diamond three, covering whatever card West plays.

West plays the 10, dummy the queen, and East wins with the king. Now he has the choice between leading into the diamond tenace or conceding a ruff discard.

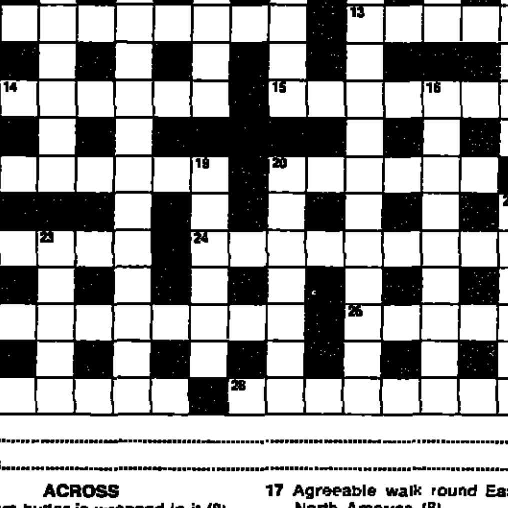
An opening diamond lead would have defeated the contract, and a spade return by East at trick two would have made things rather more difficult. But if the declarer wins in hand and returns knave of hearts, he can operate the end-play as before.

E.P.C. Cotter

CROSSWORD

No. 7,786 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday March 11, marked Crossword 7,786 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 14.



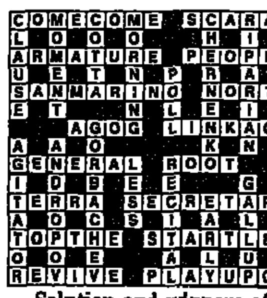
Name...

Address...

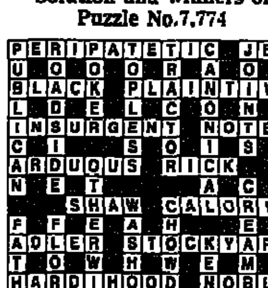
ACROSS
1 Farm butter is wrapped in it (8)
5 Worn-out English fellows taking summer abroad (6)
10 "Acclaim" part-ex tolerated here (5)
11 Stern, for example, associated with bow? (9)
12 Sort of attack to involve both dukes? (3-6)
13 This mammal will thrash (5)
14 Good conductor opens concerto with work-through (6)
15 Suppe's eponymous yokel? (7)
18 Spring staff-dance around here? (7)
20 A small company in study of church official (6)
22 Row from No 1 quarter(5)
24 Tentative run from first-class cricket-shot (4-5)
25 Nick and his new wife in good health (9)
26 Soldier in the retired boat-crew (8)
27 Acrimony as motorway runs through Tyne development (6)
28 Pie, for example, fly looks right to the poet (3-5)

DOWN
1 Poor quarter got the disorder (6)
2 Masonry to collapse – telescoping, say, as part of it (9)
3 FT men over-simple, possibly, upgrading No 1? (4-11)
4 One offers hospitality at home – strange rite about five (7)
6 Reasonable deterioration from light clothing and belt (4,4,3,4)
7 Show-woman in a number of cases sent back? (5)
8 Appeal shows delight in movement of yen (8)
9 Robbery brings delay (4-2)
16 Lady-love upset, clutching phone lovingly (9)
17 Agreeable walk round Eastern North America (8)
19 English hunts return to show prize (6)
20 Show-girl's fun? (7)
21 Yorkshire county seat? (6)
23 Bone from Troy (5)

Solution to Puzzle No.7,785

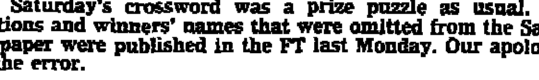


Solution and winners of Puzzle No.7,774



Mrs M. Nicholls, Richmond, Surrey; Michelle Field, Richmond, Surrey; Mrs D.R.A. Foreman, Milton Keynes, Bucks; F.W. Herbert, Wembley, Middlesex: S. Pote, Leicester; J.A. Wood, Nairobi, Kenya.

Last Saturday's crossword was a prize puzzle as usual. The solutions and winners' names that were omitted from the Saturday paper were published in the FT last Monday. Our apologies for the error.



The good life? It is a nightmare

***Dominic Lawson** escapes from a strange meeting with the Beautiful People*

I HAVE a recurring dream, perhaps a nightmare. I am a character in a property magazine. The dreams started when we moved into an area deemed by these magazines as suitable for dumping their glossy product. For some reason I could not resist them. First, I read the soft core property magazines, but now I read hard core, like *Boardroom* and *London Portrait*. And then the dreams began. Sometimes they are in black and white, sometimes in colour. In the colour dreams everyone seems much more affluent and people never talk about the actual price of property. They come up to me and say "Price on application, dear boy," or, as we drink cocktails by the azure indoor swimming pool, the man next to me says: "Ah, hello. Offers invited, offers invited."

There are so many cocktail parties in these dreams that even in the black and white ones, everyone seems happy and optimistic. There is a deafening hubbub so that the same phrases always seem to catch my mind's ear, "so much pent up demand", "prices have reached bottom", "recovery in the spring". The nightmarish aspect is that I too seem to be unable to say anything which is not effusive. All my critical faculties and judgment have been taken away from me. I want to tell the truth, what I really feel, but I am capable only of adjectival incontinence: "stunning!" I exclaim. "Stylish!" "immaculate!" "substantial!" "delightful!"

There are some pleasant aspects to the dream. The restaurants are always free, and the meals invariably delicious. There are health clubs on every street corner, full of firm young bodies topped by faces which always look thrilled to see me. Outside one of these health clubs I am offered a shining new car. In the dream the cars are always shiny and new, unless they are fabulously old and valuable. Once I saw someone getting into a car that I particularly admired. I asked the man behind the wheel how much the car was worth. "Buy my outstanding seven bedroom, detached family house in the most prestigious road in this up and coming area, and the car is yours", the man shouted, waving the keys.

One of the most peculiar aspects of the dream is that although it is set in an intensely urban environment, everyone I meet says they live in a "village". I meet people from Hampstead village, Kensington village, Notting Hill village, even Brixton village. Sometimes I try to visit these people in their villages, but they do not seem to exist in any map, or on any road signs. But then I remember that I am in a dream and that anything is possible, even Brixton village.

Towards the end of the dream I am accosted by all manner of strange and sometimes unsavoury people, offering services which I never knew existed. Most of them press on me cards with Harley Street addresses. A man comes up to me claiming that he has made "great advances in human sexuality particularly" – and here he winks knowingly – "the management of male virility problems. Call me," he murmurs. "All treatment in strictest confidence." I smile and move on. Only to be pinned to the wall by a woman of uncertain age. "Lymphoedema," she says, by way of introduction. "Dominic," I reply. "No, cheeky," she simpers, "I am talking manual lymph drainage and compression bandaging. Plus Frigi-seaweed, volcanic and marine mud treatment. Call me."

I light a cigarette. Another woman appears. "Stop smoking in one hour!" she insists. "Depression?" she goes on, "addiction? phobias? call me on this number."

I begin to run but yet another strange saleswomen grabs me by the arm. "Stress?" she yells, "you need holistic health care, deep relaxation therapy, and natural healing". "No I don't," I yell back. "I need to wake up."

Then I do wake up and find that I have fallen asleep over the classifieds in *London Portrait*. I look up to see the familiar damp patch on the bedroom ceiling, the cracked pane in the window. Through the wall I hear the neighbours arguing. I turn to my left: "Shall we invite offers for this immaculate and peaceful semi-detached residence?"

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

Liberator of the inner voice

THE HUMAN voice is like a musical instrument which gives colour and sense to words – when it is played well. Yet most of us in the developed world, it seems, have forgotten how to play.

We spend a lot of time and money on our physical appearance: on our faces, hair, our figures, clothing and deportment. This, we proclaim, is the sort of person I am. Then we open our mouths and convey . . . nothing.

Why? Because the human voice is not only a speaking machine: it is also a weapon of defence and of attack. Fear of ridicule and desire for respect lead to muscular tension, poor breathing, strange postures and an unnatural voice that betrays our real intent.

That, at least, is what Patsy Rodenburg says. She has some claim to speak. She is head of voice training at the National Theatre and the Guildhall School in London and gets rave reviews from actors and directors. She has worked worldwide, studying not only actors but businessmen, barristers, prisoners, politicians and chimpanzees (for the film *Greystoke.*).

Little girls put on nice voices to wheedle daddy; boys, seemingly under greater pressure to be clear and adult, may begin to stammer. Four out of five stammerers are boys, according to US research.

Patsy Rodenburg herself had a slight speech impediment as a child. "The muscles of speech are very complex and they have to be flexible, to sort of dance. I don't think I spoke much and then when I did, I just couldn't get the words out. So I was sent to an elocution teacher. I'm glad I did it, but I hated it.

"But at least it's given me a perspective on how I *don't* want to teach. You see, I believe we all have language within us. But whether we feel we have the right to use it is another issue."

Illiterate people were often extremely good speakers. A speech therapist at Broadmoor, the asylum for the criminally insane, told her that when murderers unburden themselves they speak with astonishing eloquence. "He said they speak poetry."

'Men are adopting some of the female habits of devoicing and hesitating and being emotional. A lot of my women friends complain that their men are crying a lot'

I felt she was studying me. So I asked her, in a voice which sounded suddenly not quite my own, how she could tell when a person was speaking badly.

"You find yourself listening to the voice instead of listening to what they say. Or they will complain of losing their voice, or that the voice is not reflecting their thoughts and feelings."

Rodenburg is the sort of person who gets no peace at parties. People confess that they are ashamed of their voices, that they feel boring, cannot command attention, are scared to speak in public, cannot express themselves. They gravitate to her as if she were a psychiatrist – which, in a sense, she is.

"I can't deal with the psychological things," she said. "But I can deal with the physical things which will often affect the psychology. The terrible thing is that when you talk about somebody's voice, you're talking about their whole being. The voice is actually the tip of the whole of you. That's why, when people mimic you, even if it's kindly, it's painful."

As small children, she said, we have naturally good posture, breathe easily and speak out. But we soon develop bad habits. Boys learn *macho* postures, girls begin to sag. "Some women remember how they started to collapse through the spine, crossing their arms to hide their breasts, for example."

We develop vocal mannerisms.

At the other extreme there is the "professional" voice. The hospital consultant, the clergyman, the air hostess, the hotel receptionist, the salesman: they all have one. It is a defence mechanism, Rodenburg explained. "It's a voice that says 'I'm caring about you but I'm not caring absolutely about you. Don't get too close.' I think journalists often do that voice."

Do they? I replied, quickly dropping into a lower register.

Then there is the barking voice of the senior manager who talks at, not to, his juniors and is hurt by accusations that he never listens.

"I call it the vocal push. Although we can hear everything that's said, we don't listen because we're being battered over the head by the voice. People not used to speaking in big spaces will automatically push, rather than just breathing and focusing and waiting for the words."

With a British general election looming, I asked if she could detect liars by their voice.

"Yes. Maybe the pitch will go up a bit and the breath will change. Something will change in the voice."

Can you tell from a politician's voice whether you would vote for him?

"I think so, yes. I just want to say to some politicians, if you learned to relax and open your voice we would listen more to what you are saying."

What advice would you give John Major?

"Well, he has to free up his voice because it drones on. He's very tight in the neck and the face. It's like a mask on him. The area round the cheeks is very important because it opens the upper harmonics. Even if he is wanting to sound interesting he can't. I wonder whether he has changed his accent and doesn't feel happy with it."

And Neil Kinnock?

"He's a good speaker, except he gets very tight. You can see him go very red in the face and the veins start coming out on his neck. I don't think he really breathes much so he sort of gets clamped around the throat. If you're speaking three or four times every day, that's quite athletic. You're doing the equivalent of an actor playing *Lear*."

What about Paddy Ashdown?

She laughed and looked coy. "Well, I think he's very good. Actually I taught him a bit. All I did was just loosen him a bit around the shoulders and the neck and into the face. On camera his face was closing, crinkling up."

Britain's best-known elocution student is, of course, Margaret Thatcher. Rodenburg said the result was pretty bad. The former prime minister had pushed her voice down to make it sound better and "de-voiced" it to make it sound sympathetic. She had also mastered the unhealthy trick of breathing against the flow of her words in order not to be interrupted.

Colin Beere

Women develop different habits to men, Rodenburg said. "It comes from years of feeling that you can't say what you want. When it does come out it will often come out in a very shrill or emotional way." She cited the problems of women in India who teach large classes of children when at home they speak hardly at all, and the ease with which Portuguese women wail all day over a corpse.

"On the other hand, since women's liberation, women are taking on a lot of male qualities. In fact I think they've probably gone too far in pushing down on their voices. A lot of women today are not listening, they're just driving through.

"Men have historically been much freer to breathe in and speak out. They're much more 'on' their voices. They finish thoughts, they finish words. But recently I've noticed men adopting some of the female habits of devoicing and hesitating and being emotional. A lot of my women friends complain that their men are crying a lot."

I asked her about voice and class.

"The voice matters most to the middle classes, because they make the rules. There are upper class voices that are completely incoherent, but we don't interfere with them. When people have power you are forced to listen."

Does the Royal Family have a problem?

"Yes, they do. They hold their voices back." She demonstrated.

Self-confidence can liberate the voice, as well. "You hear posh-sounding people in Mayfair restaurants; their voices are carrying not because they are actually louder but because they are just letting them out. What they say might be complete rubbish but they really believe they're interesting."

Rodenburg thinks it can be harmful for people permanently to change their accents, even if a few need to acquire "received pronunciation" to go into the theatre.

Would the country be a better place if everyone found their own voice?

"Yes. We would be freer, we would be breathing better, we wouldn't have so many headaches. More important, most psychologists would agree that if we can speak about ourselves we have a better control of our world."

Would the crime rate go down?

"I would argue so, yes. People will kick things and smash things because they can't make sounds or use words to explore what they are feeling. I mean, we are in such a state that people with money will spend it going to a therapist merely to talk about themselves."

When you talk about people finding their voices, do you mean that in a political sense as well as a physical one?

"Yes, I do. But on a very simple level. If you use your voice correctly and naturally, you never feel it. It's effortless. And if you start speaking with that energy people will listen to you, so you start to have power.

"There is no such thing as a naturally bad voice, only bad habits. I believe that underneath we are all very eloquent."

Heaven and Hell

Why there is no room for mice in Paradise

***John Gray** considers the concept of Heaven from a feline perspective*

FOR OUR two Burmese cats, Hell is "Out" and Heaven is "In". For them, as house cats, our spacious flat is the world. It contains all, or almost all, they need or want: cupboards to vanish in, vases to knock over, an endless supply of food and two human beings to be used as furniture or hot water bottles when the occasion arises.

Until they were taken Out for the first (and so far only) time, they could not have known that Heaven for them was In; but a brief foray in the garden seems to have convinced them – if their apprehensive, then contemptuous, sniffing and swift return to their basket is anything to go by – that the comforts of In are hugely preferable to the unknown hazards of Out. They are now in the enviable situation of being back in Heaven, and knowing it.

If it is true that there can be no good that Heaven lacks, our cats' world lacks the perfection that is one of Heaven's traditional attributes. For they cannot fulfil one of the deepest needs of their natures, which is to hunt and kill.

We are told that in Paradise the lion will lie down with the lamb, so presumably our cats will merely frolic with the mice and birds they now miss stalking; but I cannot help feeling that this human Heaven does not answer to our cats' heart's desire. It is here that we encounter the paradoxes that swarm around the idea of Heaven, and make it an idea as elusive as the infinite.

To start with, a feline Heaven will be Hell for mice: how then can they share the same Paradise? Not only is the perfection of the feline Heaven uncombinable with that of the (presumably tamer) mouse's Paradise – it requires the mouse's damnation. This unfortunate result cannot be explained by any moral turpitude on the part of the mouse. It is not as if, as in the repellent Heaven of Thomas Aquinas, the beatitude of the saved is heightened by the spectacle of the torments of the damned. It is simply that without mice as prey, the feline Heaven seems less than perfect.

Reflecting on Heaven for a Burmese leads me to wonder if our ideas on the subject are not, owing to the influence of Christianity, overly moralised. In our official thinking we pay tribute to the notion, which in practice we often ignore, that moral goods are more valuable than other goods – goods such as beauty, pleasure or wealth. We do this, I suppose, because these other goods come to us, if they come at all, as a matter of chance, whereas moral goods – the virtues – are attainable by everyone by an exercise of free will.

This Christian prejudice denies the fact that intelligence and stupidity, imaginativeness and sensitivity, bravery and cowardice are as much accidents, as much throws in the genetic lottery and products of good and bad fortune in our lives, as are physical beauty or winning the pools.

That we are as we are is a matter of luck – a conclusion that would not have surprised the pagan thinkers of Greek antiquity. But if this is so, are we not unreasonable in insisting that ethical goods always outweigh non-moral goods? After all, our actual behaviour hardly supports this heroic assertion.

When we chose how to spend an evening, with earnest and morally impeccable but boring friend or with a witty and engaging rascal, it is not always virtue that tips the scales. Is it really reprehensible to prefer an excellent meal with a bottle of fine wine and a charming companion to an evening reading Kierkegaard over a glass of Perrier?

If morality deserves (and receives) a measure of demotion in our everyday lives, how much more so in our musings about Heaven? Our religious traditions encourage us to think of Heaven as the place where wrongs are righted, tears are dried, and the mad injustice of the world is resolved into a peaceful harmony.

Certainly, this conventional idea satisfies our need for consolation. Yet, as one grows older, it does so less and less. As our acquaintance with sorrow and tragedy becomes all too familiar, the notion that great misfortune has its place in the grand economy of things comes to disgust us. Then theodicy – the project of resolving the problem of evil and so justifying God's ways to man – starts to look like an enterprise in thoroughly bad taste. How could justice in Heaven even begin to compensate for lives ruined on Earth? Perhaps, then, we should empty Heaven of the bric-a-brac of Christian morality, and instead think of it as a place where all things are possible and all desires are satisfied.

Let the glutton be free to wallow in gluttony, let the rake have his fill of concupiscence, let the miser revel in avarice and the predatory cat delight in the torment of its prey, without their joy being overshadowed by morality.

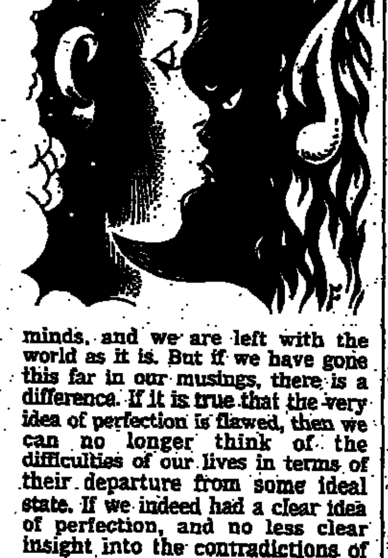
Such a Heaven would allow us to indulge aspects of our natures that are contradictory: the pleasures of the debauchee, and the joys of the anchorite, could coexist in the same soul without contradiction. A conception of Heaven on these lines would admit that we need morality only because of our poverty and frailty: like drainage systems, morality is doubtless a necessary convenience, but it is not something that bears too much thinking on, and it surely is not the supreme good of life.

Heaven, then, is abundance, a plethora of possibilities so more-than-infinite that we need engage no more in the wearisome weighing of costs and benefits, the calculation of duty and obligation, that is our ordinary lot.

There is a problem, though, with this Heaven, as with any other that is genuinely desirable – it must transcend not only the laws of ethics but those of logic, too. The paradises of cats and mice are incompatible, and can both be realised only if the law of non-contradiction – considered since Aristotle the cornerstone of logic – is suspended.

For a few medieval theologians, this is not a problem, since the laws of logic are only God's commands, and so can be waived at His will.

For us poor mortals, the problem with a Heaven that abounds in contradictions is that it is inconceivable. This is to say that the very idea of perfection eludes us: for human logic, it is incoherent. Since we cannot even coherently imagine what Heaven could be like, the idea of it evaporates in our minds, and we are left with the world as it is. But if we have gone this far in our musings, there is a difference. If it is true that the very idea of perfection is flawed, then we can no longer think of the difficulties of our lives in terms of their departure from some ideal state. If we indeed had a clear idea of perfection, and no less clear insight into the contradictions of our natures, we would be forced to the conclusion that, whereas there is truly an In, we are forever Out – which is Hell indeed.



As it is, lacking any idea of perfection, we at least escape the sufferings that arise from thinking that the flaws in our lives are in principle removable. We end up neither In nor Out, but simply Here – wherever that may be.

■ *John Gray is a Fellow of Jesus College, Oxford.*

The sands of time

Michael Thompson-Noel

I AM thinking small at present. Large matters like elections or what best to do about mad bankers (shoot or drown them, I imagine) are way beyond my grasp. The reason I am thinking small is that I have just read an essay called The Ideal Particle and the Great Unconformity by Reg Saner which appears in a book called *The Best American Essays 1991*, edited by Joyce Carol Oates.

I bought it last week in Beverly Hills. It cost $9.95. If you can name a better way to spend $9.95 in America at present, you are welcome to write to me. Perhaps I will reply. But then, perhaps, I won't, because I doubt I could be wrong.

The writers shepherded together by Ms Oates in her purple-coloured volume include Woody Allen, Margaret Atwood, John Updike, Elizabeth Hardwick and Stephen Jay Gould. But it is Reg Saner, a poet who teaches at the University of Colorado, who takes the laurel wreath with his account of a descent of the Grand Canyon.

As he goes along, he muses on various themes, some of them very large: the age of the Earth and man's place in the universe; religious fundamentalism and the Copernican revolution; how knowledge of geological time changes the mind forever.

As Saner says, people come from far and wide to gaze into the Grand Canyon – and tremble, for the canyon reflects back at us an image of ourselves as creatures in transit: body hair once pelt; toenails once claws; vertebral column adapted from our days as quadrupeds; hands that used to be forepaws; brain on its way to being, perhaps, something better than a reservoir of reptilian and mammalian cunning.

HAWKS & HANDSAWS

So why am I thinking small this week? The answer lies in the ideal particle of Saner's essay's title. Suppose you wanted to envisage a blaze-blue morning 200m years ago, and then a blaze-blue morning 200m summers up ahead. How would you bring them together?

Saner does it by writing about the grains of quartz that make up much of the sand in the Great Sand Dunes National Monument in southern Colorado and elsewhere.

Such a grain is nearly indestructible. At some point, loose quartz grains get cemented to fellow grains as sandstone. Provided the sandstone sinks no deeper than six miles beneath the Earth's surface, it will, most probably, rise again, and the grain will be rubbed free until recemented as one of the countless trillions making up yet another sandstone.

In turn, the new layer will be overlaid by sedimentation and sink from view. But then it will rise again, and the grains be granulated again, and set on further travels, before the process starts once more.

"An individual quartz grain," writes Saner, "can be blown away, buried, resurrected, and re-eroded good as new through unimaginable chunks of time. The Harvard geologist Raymond Siever offers his 'rough guess' of about 200m years per cycle. And how many cycles might an actual sand grain undergo? Siever thinks a Devonian sand grain, for example, laid down maybe 380m years back, could conceivably have circled through burial and resurrection *ten times* since first being nicked off its parent granite some 2.4bn years ago." 2.4bn? That is 5,000 times longer than the 500,000 years since man was transformed from *Homo erectus* into *Homo sapiens*.

As you can imagine, Saner has no time whatsoever for Creationists, or "natural theology", or "scriptural geology" – any more than he could have time for Baptist meteorology or Mormon physics. "Every grain at the Dunes (National Monument)", he says, "is incomparably more ancient than the name of any god, known or forgotten. The last grain among them will be circulating here undiminished long after the last god is gone."

Since returning from Beverly Hills, I have been unable to sleep. I find concentration difficult. My appetite comes and goes. In traffic, I give very iffy hand-signals. Perhaps it is only jet-lag. But I cannot banish from my mind an image of those quartz grains tumbling and resurfacing, being shifted, sifted, sorted, then tumbling and resurfacing again through millions of years.

When I pick up a newspaper, I read of monstrous events in train. John Major says this. Neil Kinnock claims the opposite. George Bush is in trouble, which is where he deserves to be. ICI is not happy. Very few people are. Russia is freeing prices, even that of vodka. The planet is dying of drought. Elizabeth Taylor is 60. Fraud. Murder. Bombs. Virginia Bottomley rampant. What to do with Lord King? And there is *still* an Archbishop of Canterbury.

Monstrous happenings, to be sure. But all I can see is sand. I imagine I'll snap out of it.

■ *The Best American Essays 1991*, Ticknor & Fields, New York.